Kicking the tyres

Inside the Volvo-Renault merger

Pages 19 and 23

Homecoming

Marcos and the Philippines today

Page 5

Pinochet

Twenty years later

Page 6

FINANCIAL TIMES

Europe's Business Newspaper — TUESDAY SEPTEMBER 7 1993 — D8523A

West loses hope of early Russian economic reform

The main western states have given up hope that economic reform in Russia can be carried through in the near future, and further assistance is now unlikely to be offered this year, according to foreign diplomats and officials in Moscow.

The International Monetary Fund is soon likely to confirm its view, already made known to the Russian leadership, that payment of the next $1.5bn tranche of its transformation facility, or any other payments, cannot be made this year. Page 20; Phantom army, Page 2

Veba, one of Germany's largest industrial groups, is stepping up its already extensive programme of job cuts in response to the crisis in the European chemicals industry. It plans to cut a further 3,500 jobs by the end of next year. Page 20

SAS killings for court: Britain should face a European Court hearing over the killing of three IRA members by SAS troops in Gibraltar in 1988, the European Commission of Human Rights ruled. The case will be heard in about a year.

Carrefour, the leading player in French food retailing, announced a steep increase in interim net profits from FFr277m in the first half of 1992 to FFr1.66bn ($291m) this year after making a capital gain of FFr1.36bn on the sale of its stake in the Castorama furniture chain. Page 21

Marseille banned from soccer cup

French soccer club Olympique Marseille, holders of the European Cup, were thrown out of this season's competition after the organisers decided bribery allegations against the club were damaging soccer's image. Chairman Bernard Tapie (left), controversial businessman and former socialist minister, had no immediate comment to make but he has said in recent interviews that he would quit soccer and place the club in liquidation if Marseille were to be banned.

Ford UK was accused of seeking to "blackmail" up to 1,400 employees into applying for voluntary redundancy over the next four months. Page 10

Arafat to meet Mubarak: PLO leader Yassir Arafat is due to meet Egypt's president Hosni Mubarak today amid signs of concerted diplomatic efforts to speed the signing of peace agreements between Israel and its Arab neighbours. Page 4; Israel's listening post, Page 4

Indian shares hit by probe fears: Indian shares fell sharply following news that tax inspectors had frozen dealings in large blocks of leading stocks as part of an investigation into the affairs of Harshad Mehta, broker at the centre of last year's Bombay financial scandal. Page 4

Alusuisse, Swiss aluminium, fine chemicals and packaging group, which has been struggling for three years to reduce its dependence on the volatile aluminium business, reported an unexpected 42 per cent slide in first-half net income, to SFr49m ($35m). Page 21

Toshiba, electronics group, became the latest large Japanese industrial company to take an axe to its costs, saying it would shed 5,000 staff over the next three to five years through natural wastage. Page 5

Canadian poll likely: Canada's prime minister Kim Campbell is set to call a general election which promises to be one of the most closely fought in recent Canadian history. Page 6

Liberty, UK retail group, could face opposition after deciding against enfranchising non-voting shares. Page 21

Clinton's pledge on economy: US president Bill Clinton, responding to a report that his administration was considering short-term measures similar to those taken by George Bush in 1992, vowed to do "anything I can" to stimulate an economy plagued by job losses. Page 6

Special treatment plea: West German industry called for special treatment for east German goods in response to a call by Chancellor Helmut Kohl for investment to be stepped up in the east of the country as a means of countering the collapse of the economy there. Page 3

Nigerian strike lifted: Nigeria's main oil workers' union suspended a 10-day strike. Page 6

Newspaper Publishing, publisher of The Independent newspaper in the UK, which is under threat from the cut-price Times, plans to raise up to £20m ($30m) in a financial restructuring.

Miners uncover submarine: Turkish miners, digging for coal on a beach on the Black Sea coast 30 miles from Istanbul, have uncovered the wreck of a second world war German submarine.

STOCK MARKET INDICES

FT-SE 100:	3059.0	(+1.7)
Yield	3.76	
FT-SE Eurotrack 100	1284.01	(-9.59)
FT-A All-Share	1519.21	(unch)
Nikkei	21,060.91	(-55.40)

LONDON MONEY

3-mo Interbank	$5\frac{15}{16}$%	($5\frac{15}{16}$%)
Liffe long gilt future:	Sep $113\frac{3}{32}$	(Sep 114)

NORTH SEA OIL (Argus)

Brent 15-day (Oct)	$16.525	(16.61)

GOLD

London	$364.35	(364.25)

STERLING

London:		
$	1.527	(1.5265)
DM	2.4625	(2.4775)
FFr	8.6775	(8.735)
SFr	2.1675	(2.1825)
Y	159.0	(160.25)
£ Index	80.8	(81.3)

Tokyo close Y 104.55

The New York markets were closed yesterday

Austria	Sch30	Germany	DM3.30	Malta	Lm0.60	S.Arabia	SR11		
Bahrain	Din1.250	Greece	Dr300	Morocco	MDh13	Singapore	S$4.10		
Belgium	BFr65	Hungary	Ft 185	Neth	Fl 3.75	Slovak Rp	KSL45		
Bulgaria	Lw25.00	Iceland	IKr215	Nigeria	Naira45	Slovenia	SLT220		
Croatia	HRD5700	India	Rs40	Norway	NKr16.00	South Africa	R12.00		
Cyprus	C£1.00	Israel	Shk5.90	Oman	OR1.50	Spain	Pta210		
Czech Rp	CZK45	Italy	L2700	Pakistan	Rs35	Sweden	SKr15		
Denmark	DKr15	Jordan	JD1.50	Philippines	Pso45	Switz	SFr3.20		
Egypt	E£4.50	Kuwait	Fils.600	Poland	Zl 22,000	Syria	S£50.00		
Finland	FM12	Lebanon	US$1.25	Portugal	Es215	Tunisia	Din1.250		
France	FFr9.00	Lux	LFr65	Qatar	QR12.00	Turkey	L8000		
						UAE	Dh11.00		

International aid fund proposed for Middle East

By Andrew Gowers and Julian Ozanne in Jerusalem

ISRAEL and its Arab neighbours are this month to discuss setting up a central fund to channel hundreds of millions of dollars in international aid money to the Middle East.

Officials from Middle Eastern protagonists including Israel, Jordan, Egypt, the Palestine Liberation Organisation and the Gulf states are to meet at the World Bank in Washington on September 20 to discuss a detailed plan for regional economic and infrastructural development.

The meeting will examine reports produced by the World Bank on regional development and on development in the occupied West Bank and Gaza Strip, where it has already estimated there is a need for a $4.3bn development programme over 10 years.

Preliminary talks will be held on the possible establishment of a "Middle East fund" which would oversee and set priorities for development projects together with the donor countries, according to Mr Oded Eran, a senior official at the foreign ministry in Jerusalem. He said yesterday that this clearing house might operate under the auspices of the World Bank, though donors might prefer to give aid bilaterally and project-by-project.

The prospect of a fund bringing together Arab oil money and western assistance to finance a programme for improving the quality of life in the occupied territories and for regional economic integration has been often spoken of in the past by Mr Shimon Peres, the Israeli foreign minister, who initialled an historic peace deal with the PLO in Oslo 10 days ago.

But the quickening tempo of peace moves – with the Gulf states yesterday proclaiming their support for the Israeli-PLO deal on Palestinian self-rule, and Israel apparently on the brink of mutual recognition with the PLO – suggests such a plan may be moving closer to reality. The US administration is already trying to muster $590m from Arab states and others to finance the transition from Israeli military occupation to Palestinian self-rule in the West Bank and Gaza.

These plans would open up the prospect of lucrative contracts for European and other companies. Several European countries have been signed up as "shepherds" to conduct project studies in particular sectors: Britain in financial services and banking systems; Germany in the dismantlement of regional trade barriers; Spain in agriculture; and Italy in waste disposal and ground water. Outside the EC, Japan has also agreed to lead a study of the huge potential for tourism in the Middle East following an eventual peace deal.

The French government is working on a feasibility study on regional transport facilities which, if implemented, could involve French or other companies in road and rail-building projects linking countries which

Continued on Page 20
Egypt's role as mediator; Future of Golan Heights, Page 4

Long-awaited deal will create Europe's second largest vehicle maker

Renault and Volvo to merge

By Kevin Done and John Ridding in Paris and Hugh Carnegy in Stockholm

RENAULT and Volvo are to merge their automotive operations to create Europe's second largest vehicle maker and one of the world's 20 biggest industrial groups, the companies announced yesterday.

The merger is one of the most significant steps in the restructuring of the world auto industry and is aimed at strengthening the two companies in the face of depressed markets and growing competition.

The deal, which will take effect from the beginning of next year, will also clear the way for the sale of the French government's controlling stake in Renault as part of its ambitious privatisation programme to be launched this autumn.

The French state will initially hold, directly and indirectly, 65 per cent of the newly formed Renault-Volvo Automotive, with Volvo holding the remaining 35 per cent. The merger will include all of Renault, but only Volvo's automotive operations. It will exclude the Swedish group's marine, aero-engine and food interests.

France will have an upper hand in the management of the group. Mr Louis Schweitzer, Renault's chairman, will be chief executive and chairman of the management board of Renault-Volvo Automotive in charge of the day-to-day operations of the group.

But the Swedish company will retain a powerful influence through the adoption of a German-style supervisory board which will be chaired by Mr Pehr Gyllenhammar, the Volvo chairman.

The decision to move from the existing alliance to a full-scale merger has been accelerated by the decline in the European car market, which is set to contract by about 16 per cent this year.

Mr Gyllenhammar yesterday estimated that potential savings could amount to FFr30bn ($5.1bn) by the year 2000. He said this would be achieved through shared development costs, common production and the joint purchase of components.

But both companies stressed that the identities of their cars and trucks would remain distinct.

Both Mr Gyllenhammar and Mr Schweitzer expressed confidence that the two companies could be merged smoothly. They said they were aware of the dangers and difficulties involved in merging two large industrial groups but that the experience of their three-year alliance would facilitate co-operation.

Mr Gérard Longuet, the French industry minister, said that the merger and the privatisation of Renault would make it easier to raise capital. He said he hoped the sale of the government's stake in Renault could be achieved from the second half of 1994, depending on conditions in the car market and the performance of the merged company.

The structure of the merger means that the French government, along with Volvo, should retain control of the group even after the sale of the state holding in Renault. A financial holding company, owned 51 per cent by the French government and 49 per cent by Volvo, will hold a 35 per cent share in Renault-Volvo Automotive. The French stake in this holding company is expected to form the basis for a core of long-term French investors.

Reaction in Sweden to the long-awaited merger ranged from angry denunciation in a popular newspaper to strong support from prime minister Carl Bildt's centre-right government.

The opposition Social Democratic party also offered its support, saying it was natural that Volvo should seek a European partner in the midst of the crisis in the motor industry.

Market reaction was subdued as the deal had largely been discounted. Volvo's B share fell SKr7 to close at SKr483.

For better or worse, Page 19
Lex, Page 20
Last stop for privatisation, Page 23

Distinct identities: Chairmen Pehr Gyllenhammar (left) and Louis Schweitzer at Renault's headquarters near Paris yesterday — Reuter

Israel's US envoy says Palestinian state is a possibility

By Julian Ozanne and Andrew Gowers in Jerusalem

THE PEACE agreement with Palestinians could lead to the development of an independent Palestinian state, Israel's ambassador to the US said yesterday. This marks the erosion of yet another long-held Israeli taboo in the rapidly moving peace process.

Mr Itamar Rabinovich said in a television interview both sides recognised that a permanent settlement to the occupied lands was "an open issue" to be decided in talks over three years, but a Palestinian state "could happen". His remarks will fuel opposition by the Israeli right-wing which plans a 100,000-strong demonstration tonight.

Israeli officials continued to insist yesterday that the peace agreement with Palestinians could be signed in Washington by next Monday, once the Palestine Liberation Organisation concluded long discussions about issuing a letter renouncing violence and recognising Israel's right to exist.

In a six-point text of the PLO letter awaited by Israel, published yesterday in the Hebrew daily Yediot Ahronot, the PLO is also expected to suspend the intifada, the Palestinian uprising, and agree to resolve all future disputes between the two sides in a joint arbitration

Continued on Page 20

France demands changes to EC-US farm trade agreement

By David Gardner in Brussels

FRANCE made official its long-standing threat to block a deal on farm trade between the US and the EC when the government of Mr Edouard Balladur yesterday formally demanded modifications to the Blair House agreement.

The agreement was reached last November in a paper sent to the European Commission and to Germany. It was not clear whether the demands would require a reopening of the accord.

The only alternative to these "modifications" is a blanket rejection of any restraint on the volume of subsidised food exports, the French government stated in the paper.

France's determination puts at risk the possibility of concluding the Uruguay Round world trade negotiations by their mid-December deadline. Mr Peter Sutherland, director general of the General Agreement on Tariffs and Trade, is expected to spell this out to Mr Balladur of this risk tomorrow.

At a separate meeting, Mr Rene Steichen, the EC agriculture commissioner, is expected to tell Mr Sutherland that Brussels – which negotiates trade agreements on the EC's behalf – is determined to avoid reopening Blair House.

The French paper complains that the accord's provision for a 21 per cent cut in the volume of subsidised food exports over six years "responds to a logic of administered trade." Cuts should be limited to the amount of subsidy paid out. Blair House foresees cuts of 36 per cent in total export subsidies. Under last year's reform of the Common Agricultural Policy, the EC should comfortably exceed this.

Boost for Chirac as presidential candidate ....Page 20

Paris is still contesting the Commission's assertion that the Blair House accord is compatible with CAP reform. Brussels says reform will cut the exportable surplus of cereals – the most inflammatory part of the accord for France – to 19m tonnes after three years. In its paper, France claims the surplus will be 15m tonnes above this after six years. More tellingly, it claims the Gatt commitments will require a further overhaul of the EC's beef regime, which CAP reform, by general consent, does not do enough to bring into balance.

France appears to be offering a menu of possible changes, including:

- No volume limits on value-added food products, food aid, or current EC food stockpiles;
- Delaying export volume cuts until the CAP reform "delivered its full effects", and/or loading the cuts on to the end of the six-year agreement, by which time the EC may be able to dispense with export subsidies because of the CAP price cuts;
- A managed trade formula guaranteeing the EC a slice of growth in world cereals proportional to its current share;
- Greater guarantees against imports, especially of cheap US cereals substitutes;
- "Aggregation", whereby export curbs apply to a sector as a whole, not individual products.

The Commission is now trying to come up with a formula which addresses these concerns before the September 20 special council of foreign and agriculture ministers.

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June 1993

NEWS: EUROPE

Croats take hard line on Moslem sea port

By Gillian Tett in London and Laura Silber in Belgrade

CROATIAN President Franjo Tudjman yesterday appeared to damp hopes of a rapid resumption of the Bosnian peace talks when he said he was not prepared to make any further concessions to the Moslems' territorial demands.

Speaking in Zagreb, five days after the breakdown of the talks in Geneva, Mr Tudjman insisted he would not hand over the Adriatic port of Neum to the Bosnian government.

Mr Alija Izetbegovic, Bosnian president, who yesterday met United Nations officials in New York, has repeatedly insisted that peace talks cannot restart unless the Croats guarantee the Moslems access to the Adriatic.

Mr Tudjman's statement came amid signs that US officials were seeking to step up the pressure on both the Serbs and Croats to make fresh territorial concessions.

In an apparent attempt to force Serb leaders to be more flexible, the west has moved to stop sanctions busting along Serbia's southern border, it emerged yesterday.

The former Yugoslav republic of Macedonia, apparently prompted by the US, announced that it had stopped illegal commercial traffic between the two states.

Meanwhile, as Moslem and Croat forces continued to jostle for land in central Bosnia, UN officials warned that another humanitarian crisis was developing in the central Bosnian town of Jablanica.

In the last week up to 10,000 Moslem refugees had arrived in the small mountain town, which has been cut off from aid convoys by fighting between Moslem and Croat forces, according to Mr Ray Wilkinson, a UN spokesman in Sarajevo.

The majority of the refugees appeared to be victims of Croat "ethnic cleansing", although 450 men had also apparently come from Croat detention camps, Mr Wilkinson said.

Reuter

Bosnian Serb soldiers conducting exercises in positions near the northern town of Doboj where clashes continue with Moslems

Mostar wounded evacuated

FOURTEEN wounded patients were evacuated from a makeshift hospital in the besieged Moslem quarter of Mostar yesterday as part of a reciprocal agreement between Moslem and Croat military leaders, Reuter reports from Mostar.

Spanish peacekeeping troops took the 14, mostly soldiers but including one injured woman and a child, to the nearby town of Medjugorje. The evacuation had been delayed since Saturday.

From there, they set off by Bosnian army helicopter to the Moslem-held town of Zenica.

Nato fighter aircraft flew over the Medjugorje area before and during the airlift, dropping flares to discourage attacks.

During an airlift of Croat wounded from Nova Bila hospital in central Bosnia last week, a helicopter pilot said his aircraft had been fired on by Moslems. His claim could not be independently verified.

Commissioner brushes aside British resistance to social legislation

Brussels sets sights on works councils

By David Goodhart, Labour Editor

THE EUROPEAN Commission yesterday served notice that as soon as the Maastricht treaty has been ratified it will sidestep the resistance of the British government and push ahead with the directive on establishing works councils for consulting employees in large companies.

Mr Padraig Flynn, social and employment affairs commissioner, said yesterday in an address to the British Trades Union Congress conference in Brighton that all Community countries except Britain had agreed to start implementing the directive, which will affect about 700 larger companies in Europe.

Britain will not be directly affected, as it has opted out of the Maastricht treaty social chapter, but about 100 UK multinationals will be drawn in through their European subsidiaries. Assuming that the Maastricht treaty is ratified in November, the works council legislation could become law, after a period of consultation, within six months.

Mr Flynn said he regretted the British "opt-out" from the social chapter and hoped that the UK would rejoin the other 11 before "too huge a chasm" has built up on social legislation.

But he also confirmed that the Commission last week agreed an "opinion" on equitable wages, which has no legislative force but underlines the philosophical difference between the UK government, which has been abolishing minimum wage legislation, and the European Commission.

Mr Flynn also lent his backing to the idea of a world social charter, saying that it should be raised at the world jobs summit proposed by President Bill Clinton.

In his address to the TUC, Mr Flynn stressed that a new balance "between regulation and adaptability" was required to help create a "more employment-intensive pattern of production".

Calling for a "new social pact" to beat unemployment, he pleased his TUC audience by stressing that wage competition with countries of the Pacific Rim was not a sensible strategy but he also said that everyone would have to "give up many cherished preconceptions".

He suggested, in particular, reform of tax regimes to help job creation and further reductions and changes in working time, "bearing in mind that work sharing implies income sharing".

Yeltsin's generals fear leading phantom army

By John Lloyd in Moscow

RUSSIAN President Boris Yeltsin made the remarkable promise, while visiting army units in the Moscow region last week, that he would spend one day a month "working with the military". It was a promise born of necessity, and of fear.

The Russian military faces a series of structural crises which any armed force would find agonising to absorb. It is suffering a dramatic loss of prestige and power: plunging recruitment; wars on and within new frontiers; a worsening housing shortage; rock-bottom pay; the absence of any military doctrine; an inability to train because of lack of fuel, ammunition and equipment; disintegrating discipline; attacks on its property and threats to the bases it still tries to hold from the Baltics to Baikanur.

It is a tribute to the officer corps, and to the stolidity of the Russian recruits, that this army has remained quiescent, with Colonel Stanislav Terekhov's national-communist Union of Officers still apparently a minority cause. But can it take much more without becoming dangerous?

Mr Yeltsin, and Marshal Pavel Grachev, the defence minister, heard these grumbles when they toured the elite Taman division (whose soldiers defended Mr Yeltsin's parliament during the August 1991 coup). Mr Yeltsin spoke about difficult times not spoiling the capacity of the Russian army to respond to any and all challenges, but it was no more than words.

An army which numbered 4m five years ago is now estimated by General Dmitri Volkogonnov, Mr Yeltsin's military adviser, at about 1.8 – and falling fast. New regulations for the draft exempt the majority of young men – allowing the army to take a mere 300,000 this year. Of the spring draft, only 13 per cent had reported.

At its present rate of decline, the army will be below a target strength of 1.5m well before the set date of January 1995. Since the reduction will be an unplanned one, largely among the ranks of conscripts, it will be an army mainly composed of generals, officers and sergeants.

The option of using "contract" soldiers, the harbingers of the professional army which is an official aim, cannot fill the gap in spite of monthly pay of Rbs60,000 – 10 times more than a conscript's earnings. Only a little over 100,000 have signed up this year for all the armed services.

The lack of interest is hardly surprising given that, in June, there was no pay at all for the army and, in some bases, electricity and gas were cut off.

In addition to the vast demobilisation, and withdrawal from former satellites, the armed forces must adjust to a world at once less and more threatening than that in which they flourished.

They have lost a great enemy to their west and found little ones everywhere else, but especially to the south. The North Caucasus – where an arc of ethnically-mixed autonomous states within Russia stretch across the borders of Georgia, Armenia and Azerbaijan – are in armed ferment.

Increasingly, too, Russian forces are being drawn into conflicts in former Soviet republics, including Tajikistan, Georgia – and Moldova, around the River Dnestr, where they are protecting the interests of Russian speakers.

From out of this dramatically swift re-ordering of its character and its duties, the Russian military could hardly be expected to produce a new doctrine – though one is promised. Mr Yeltsin said last week that he wanted it later this year.

The general staff talks of a smaller army – but a more professional, more efficient, better equipped force. For the moment, however, they must strive to prevent disintegration – and the politicisation of a traditionally apolitical force.

Azeris may join CIS and improve chances of peace

By John Lloyd

THE chances of settling the Nagorno-Karabakh conflict improved yesterday after talks between Mr Boris Yeltsin, the Russian president, and Mr Gaidar Aliyev, acting head of state of Azerbaijan.

Speaking after meeting Mr Yeltsin, Mr Aliyev said that the "self-imposed isolation" visited on Azerbaijan by the previous government of Mr Abulfaz Elcibey was now over – and that he may apply for membership of the Commonwealth of Independent States at its next summit meeting on September 24 in Moscow.

On Nagorno-Karabakh, Mr Aliyev said that the problem was "not that of Azerbaijan's alone, but of the entire Caucasus. The Russian Federation cannot remain indifferent to the conflict between Azerbaijan and Armenia."

Membership of the CIS would bring Azerbaijan into closer contact with Armenia, a member since its inception – while Mr Aliyev's comments on Russia's interest in the Caucasian conflicts clearly marks out a role for Russia as mediator and peace-maker.

Mrs Tansu Çiller, the Turkish prime minister, is to visit Moscow tomorrow, for talks on the conflict – which has seen Armenian forces take the south-western part of Azerbaijan up to the Iranian border, with floods of refugees crossing the frontier. Mr Aliyev is expected to remain in Moscow to meet Mrs Çiller.

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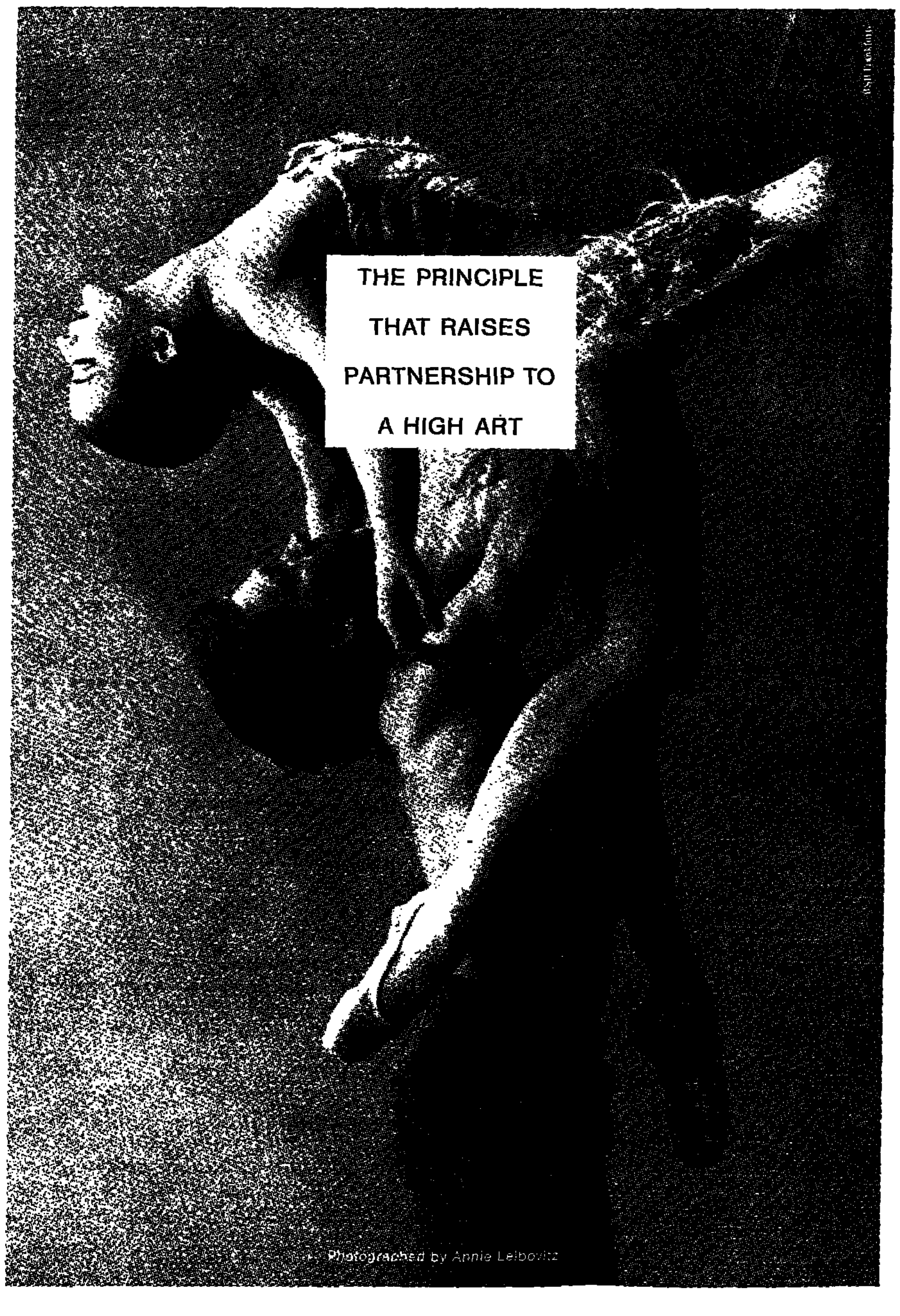

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DG BANK

France's economy on recovery course

By Alice Rawsthorn and David Buchan in Paris

HOPES that 1994 will be a year of recovery for the troubled French economy were strengthened yesterday by confirmation from the government that it expects growth of 1.4 per cent in gross domestic product next year.

The Economy Ministry, which is finalising plans for the 1994 budget due to be completed by September 22, is sticking to the growth forecast it made in June. However, this 1.4 per cent figure conceals changes in the underlying state of the economy.

Consumer expenditure is expected to rise more slowly than initially forecast because the recent reductions in interest rates have been too slight to restore consumer confidence. By contrast, the ministry has upgraded its forecast for exports to 3.2 per cent growth due to the recent fall in the value of the French franc.

The ministry's cautious confidence was reinforced by the publication of a small business survey by La Tribune, the economic newspaper, which showed that France's small and medium-sized companies, which have borne the brunt of the recession, are less pessimistic about the economic outlook.

More than half of the companies surveyed believed that the economic situation had stabilised, against just 5 per cent in a previous study made in April. Only 42 per cent said that the climate had worsened, compared with 81 per cent in April.

Meanwhile, the prime minister, Mr Edouard Balladur, yesterday agreed to link a possible reduction in overall working hours more closely with provisions to make labour patterns more flexible, in order to make the government's proposed five-year employment programme more palatable to the unions.

The draft law will go to parliament later this month.

At the end of a nine-hour meeting with unions and employers yesterday, Mr Balladur stressed his desire for the two sides of industry "to negotiate wherever possible, rather than to have rules imposed on them".

The Financial Times plans to publish a Survey on

MEXICO

on Monday, October, 11th 1993

against a backdrop of next year's Presidential elections, and with the North American Free Trade Agreement still hanging in the balance.

The survey will include among other topics, assessments of the economy, the banks and brokerages, and examine Mexico and its standing on the international markets, as well as spotlighting the country's most important companies.

Information on advertising opportunities and rates can be obtained from Paul Maraviglia on 071-873 3447 or Fax. 071-873 3595.

French to reform pay-TV and cable

By Alice Rawsthorn in Paris

THE French government is considering plans to forge closer links between Canal-Plus, the successful pay-TV channel, and the struggling cable television network, as part of its forthcoming broadcasting reforms.

Mr Alain Carignon, communications minister, told Les Echos, the French financial newspaper, that the reforms could include the sale of Canal-Plus as part of a package including cable channels in an attempt to boost cable subscriptions.

At present Canal-Plus, which offers a mix of films and sport, is sold separately from cable. Since its 1985 launch it has become one of France's most dynamic channels, with 3.6m subscribers at the end of last year. The cable system, by contrast, has attracted only 1m subscribers and is burdened by heavy losses. Some observers suspect that Canal-Plus's success and its popularity with viewers has made life even more difficult for the cable companies.

The original franchise for Canal-Plus, whose chairman, Mr André Rousselet, is a close friend of Mr François Mitterrand, the socialist president, comes up for renewal at the end of 1995. The new centre-right government will in December present its proposals for the new franchise.

Mr Carignon told Les Echos that Canal-Plus should benefit from his plans to change the franchise system so that each licence lasts for five to six years and is automatically renewable three times, provided the holders meet their legal obligations.

As a result, he said, the pay-TV channel should try to help cable's development. Canal-Plus said it could not comment on the government's plans as the situation was "so delicate". The reforms are also likely to include proposals to raise the maximum size of shareholdings in television companies from 25 per cent to 50 per cent.

W German industry wants special regime for eastern goods

Kohl plea for investment in east

By Judy Dempsey in Berlin

WEST GERMAN industry yesterday called for special treatment for east German goods in response to a call by Chancellor Helmut Kohl for investment to be stepped up in the east of the country as a means of countering the collapse of the economy there.

Mr Kohl made his appeal at a meeting in the Chancellery with industry and unions. He and government officials are increasingly concerned about rising unemployment in the five eastern Länder. The rate is 15 per cent of the 8m-strong labour force, but when job creation schemes, short-term work, and retraining programmes are taken into account, the figure exceeds 35 per cent.

The restructuring process "could not be left solely to the free play of market forces", Mr Kohl said, calling on western industry to invest more in the east to stem the fall in manufacturing and induce growth. He singled out how investments in construction, services and crafts in small workshops were already contributing to the slight growth in gross domestic product.

These three sectors are largely fuelling GDP which is forecast to grow by about 6 per cent this year – albeit from a very low base following a 30 per cent decline in 1991. They are mainly focused on the local market in eastern Germany, rather than exports.

At yesterday's meeting the Federation of German Industry (BDI) said higher investment should be coupled with a system granting preferential treatment, including tax benefits, for east German products in order to make them "good value". West German industry has so far placed DM14bn (£5.6bn) worth of orders in the east over the past two years. Last week the BDI said it would increase its purchases from the eastern states to DM25bn a year by 1995.

The need to create local pockets of industry in eastern Germany stems not only from high unemployment. It reflects a tacit admission by west German industry, unions and government officials that the entire structure of wage agreements there has priced the region out of the market.

Wages in most sectors are now 80 per cent of west German levels, but productivity, particularly in steel, engineering and mining, are about 70 per cent below levels in the west.

THE head of Germany's union federation, Mr Heinz-Werner Meyer, is threatening strikes if parliament agrees to cut paid sick leave to finance a new healthcare scheme, writes Ariane Genillard in Bonn. He also threatened to sue the government in the constitutional court, claiming the cut breached wage agreements.

Yesterday's threat has come as parliament considers a bill providing for six unpaid sick days a year, to offset extra social insurance charges on employers. The extra charges, also paid by employees, would finance a statutory healthcare scheme for the old and chronically sick. Both unions and employers' associations have strongly opposed the scheme.

Half-win awaits Brundtland

Karen Fossli on why Norway's PM views election with ambivalence

NORWAY'S prime minister, Mrs Gro Harlem Brundtland, seems certain to lead her Labour party to victory in the country's general election next Monday. But she is deriving little cheer from that.

For the election is likely to make her struggle to bring Norway into the European Community all the more difficult as anti-EC parties look set to boost their parliamentary representation.

An electorate ever-resistant to the prospect of EC membership will see to that. And to make matters worse, she will not have support on Europe from the party with which she has formed an alliance.

What this all means is that Mrs Brundtland and her party colleagues are going around campaigning for re-election with one of their most important policy issues virtually unmentionable.

Judging from the polls, Labour is widely expected to retain 63 seats in the 165-seat parliament, while the Socialist Left (SV) party is set to increase its parliamentary mandate to 22 seats from 17.

The majority that this would give the alliance may result in a shift to the left in current policy, with higher taxes and higher public expenditure in prospect. However, the deep division between them on Europe is likely to rule out a coalition government.

According to the polls, the agrarian anti-EC Centre party is expected to boost its representation to 17 seats from 11, while the main opposition Conservative party will lose two seats to end up with 37 after what analysts describe as a "faceless" campaign. The right-wing Progress party looks set to see its 22 parliamentary seats shrink to 12.

For Labour the result is widely expected to be the same as it was in the 1989 election – around 34 per cent of the vote, its worst result since 1930.

In 1989, Labour was forced to make way for a centre-right coalition government, when it became clear that the bloc of 80 parliamentary seats, 63 of which were won by Labour and 17 by the SV, was not enough to outweigh the five non-socialist parties which won 84 seats.

A centre-right tripartite coalition formed a government which fell quickly on the Europe issue. Labour stepped in to pick up the pieces at the height of Norway's worst post-war economic crisis.

As Mrs Brundtland trudged around northern Norway at the weekend, her message to the electorate – that a vote for Labour did not mean a vote for EC membership – for the most part fell on deaf ears.

"If we do not achieve a result which the government can recommend to the Norwegian people, we do not have a result that we can go out and fight for," she told fishermen in Hammerfest, Europe's northern-most city.

In the high north, where fishing provides the mainstay of household income, there is decided scepticism about EC membership. The fishermen fear membership means relinquishing part of their hard-earned fishing quotas to Europe's fishermen, who, after having depleted their own resources, will look to Norway to boost their catch.

However, a feeling is emerging that if Norway can conclude an acceptable negotiating result on fish with Brussels, allowing free market access and unchanged quotas, then membership could be tolerated.

The reason is that membership might have the effect of boosting Norway's exports to the Community of processed fish and fish products.

During the election campaign Mrs Brundtland has adamantly refused to debate the EC question, insisting it is not an EC election and that the issue will be decided in a referendum to be held in 1994 or 1995.

"Many people are sceptical and many are negative about Norwegian membership. Despite this there is broad agreement about the Labour Party's and the government's strategy; that it was right of us to seek membership, that we must negotiate and that we must achieve a result which the people can vote on in a referendum," she said.

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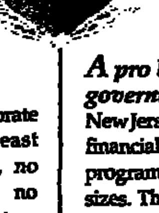

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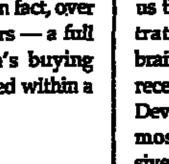

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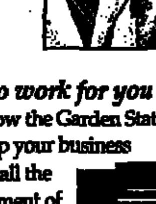

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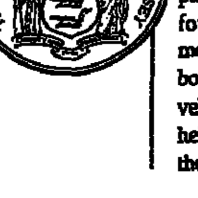

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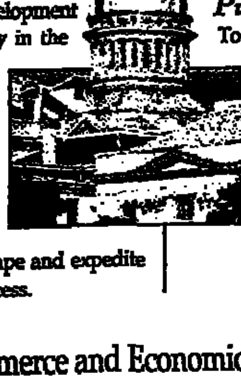

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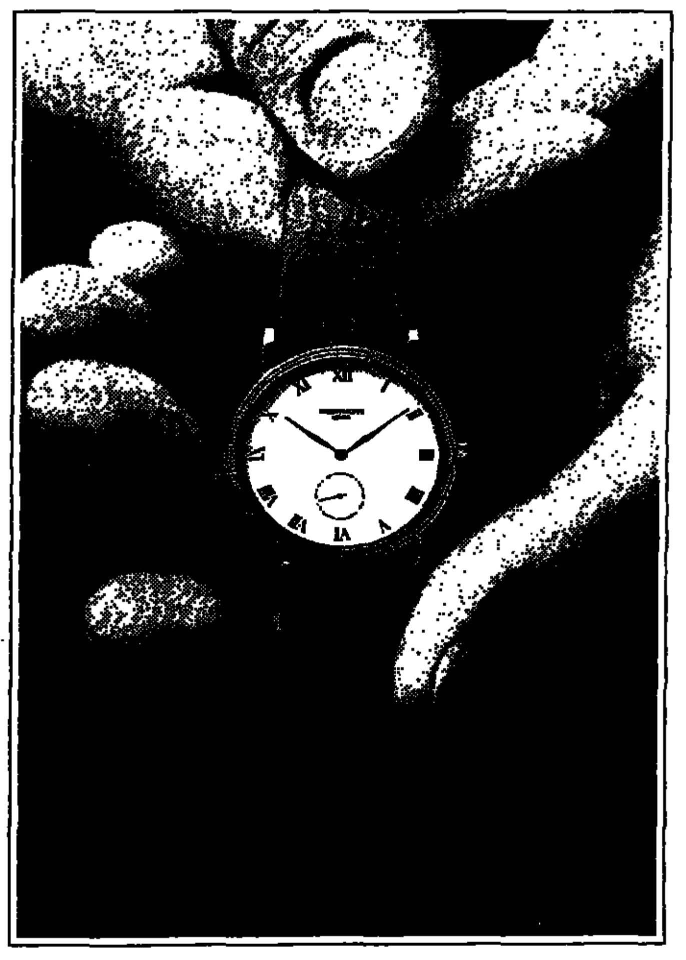

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Inspectors freeze dealing in leading stocks

Mehta probe fears hit Indian shares

By Stefan Wagstyl in New Delhi and R C Murthy in Bombay

INDIAN shares fell sharply yesterday following news that income tax inspectors had frozen dealings in large blocks of leading stocks as part of an investigation into the affairs of Mr Harshad Mehta, the broker at the centre of last year's Bombay financial scandal.

Even though the Bombay Stock Exchange urged investors to stay calm, the index of 30 leading shares fell 42.86 points to 2,621.20 amid concern that the inspectors' order could prevent trading in certain stocks for an indefinite period.

The exchange said in a statement that the inspectors' freeze applied only to specified blocks of shares in nine stocks and not to all trading in these stocks.

Last night it said the total value of the shares was some Rs1.5bn (£31.7m).

The inspectors' action has undermined the recent optimism in the market inspired by evidence of foreign financial institutions buying large amounts of Indian shares for the first time.

The inspectors' orders apply to shares held by 134 companies and individuals connected to Mr Jagdish Narayan Bhatt, a Bombay stockbroker who dealt on behalf of Mr Mehta. The stocks in question are all large Indian companies. They include Reliance Industries, the chemicals and textiles group, Great Eastern Shipping, the transport company, and ITC, the tobacco and hotels group which is part owned by BAT of the UK.

The income tax inspectors' investigation began last year after Mr Mehta was arrested for his alleged involvement in the Rs42bn scandal which rocked the Bombay securities market last year. Mr Mehta and others were accused of trading illegally in the inter-bank securities market in order to siphon funds into the stock market.

While the Criminal Board of Investigation probed the accusations of illegal trading, the income tax authorities began to examine possible infringements of income tax law by Mr Mehta. The tax investigation culminated in yesterday's announcement.

Mr Mehta, who denies all wrongdoing, is fighting his case hard. Earlier this year he claimed he had presented Mr P V Narashima Rao, the prime minister, with a suitcase full of cash. The statement rocked political circles and led to a no-confidence debate in parliament. Mr Narashima Rao won the vote but has not been able to dispel fully the damage done by Mr Mehta's claim.

- Punjab National Bank, one of the largest and most prosperous of India's state-owned banks, has taken over New Bank of India, a lossmaking state bank.

The long-awaited move, first mooted by the Finance Ministry in 1990, was seen by officials as the only way of saving the New Bank of India from collapse. But the takeover was held up by disputes over the relative seniority of staff at the two banks.

New Bank of India lost Rs754m in the year to March, and the Punjab National Bank made a net profit of Rs380m.

Reforms lift exports 27%

By Stefan Wagstyl in New Delhi

INDIA'S exports are growing strongly in the wake of its economic reforms and the devaluation of the rupee over the past two years, according to figures published yesterday.

After two years' sluggish growth, exports in the first four months of the financial year, which started in April, rose 27 per cent to $6.9bn (£4.56bn), far exceeding the government's expectations. This compares with growth of under 5 per cent in the year to the end of March.

The sudden increase in growth has given rise to hopes that India is at last seeing the benefits of the reform programme launched in 1991 by the government of Mr P.V. Narasimha Rao, the prime minister. Exports of textiles, leather goods and agricultural goods are growing strongly, as are those of engineering products.

But the surge in performance this year also includes shipments of goods delayed in the first three months by the religious disturbances which hit the country following the sacking of the Ayodhya mosque and terrorist bombs in Bombay.

Imports in the first four months were 7 per cent down at $7.35bn, due to low demand for machinery and industrial raw materials. However, companies continue to be concerned about possible foreign competition as barriers to the entry of imports come down.

However, the decline in imports is helping to maintain India's foreign exchange reserves at a high level of about $7bn, on latest figures.

Egypt takes Mideast mediator role

By Tony Walker in Cairo

Yassir Arafat (right) and Egyptian Foreign Minister Amr Moussa embrace at Cairo airport yesterday — Associated Press

MR Yassir Arafat, leader of the Palestine Liberation Organisation, is due to meet Egypt's President Hosni Mubarak today amid signs of concerted diplomatic efforts to speed the signing of framework peace agreements between Israel and all its Arab neighbours.

Egypt, the only Arab state to have made peace with Israel, appears to be playing a key mediating role in diplomacy aimed at fulfilling a stated US desire for Syria, Lebanon and Jordan to conclude outline agreements with Israel as part of a comprehensive deal under the terms of the present Middle East peace talks.

The US has nominated September 13 for a possible signing ceremony and indicated it could be held at the White House if Syria, Jordan and Lebanon were also placed to join the Palestinians in concluding accords with the Israelis.

But Syria and Lebanon both indicated yesterday that this date appeared optimistic. Mr Farouk al-Sharaa, Syrian foreign minister, told reporters in Beirut there had been "nothing new on the Syrian path" of the negotiations in Washington during the present round. Mr Faris Bouez, his Lebanese counterpart, also said that "we cannot say there is any progress compared with the previous rounds".

One indication of the intensified diplomatic manoeuvring was the decision of King Hussein of Jordan to postpone a visit to China early next week. A spokesman for the Jordanian monarch cited a flurry of activity on the Middle East peace front as a reason for the postponement.

Mr Arafat held talks in Cairo yesterday with Mr Amr Moussa, the Egyptian foreign minister, after his arrival from Damascus. The two sides are believed to have focused on ways of shoring up Arab support for the PLO agreement with Israel.

Arab officials said a statement of support for the Israel-Palestinian deal by the Gulf Co-operation Council, representing six Gulf states, was significant since it ensured a majority within the Arab League for the peace deal.

Gulf foreign ministers meeting in Riyadh, said the GCC continued to "support peace efforts... in the hope that [Arab-Israeli] negotiations would make substantive progress along all tracks to push the peace process forward."

This was a reference to parallel talks between Israel and Syria, Lebanon and Jordan.

On his arrival in Cairo yesterday, Mr Arafat dismissed suggestions that Syrian endorsement had been lukewarm for the Israel-Palestinian interim peace agreement. He described his lengthy talks in Damascus on Sunday with Syrian President Hafez al-Assad as "brotherly, warm and dignified". He told reporters: "I have thanked President Assad for the meeting, for his understanding and for all the advice he has given, especially in this atmosphere and the developments that the Palestinian and Arab cause is passing through."

Mr Assad was reported to have advised Mr Arafat that it was up to the Palestinians to say Yes or No to the peace plan. Syria's president said he would support the view of the Palestinian majority.

Deportees set to return

ALMOST half the 396 Palestinians deported by Israel to south Lebanon expect to return tomorrow after nearly nine months in exile, Reuter reports from Marj az-Zohour, Lebanon.

Mr Abdul Aziz al-Rantisi, deportee leader, stated at their tent camp in no-man's land yesterday that the first batch, said by Israel to number 187 men, would return tomorrow.

The deportees expect the International Red Cross to supply them today with a list of those allowed to return, but most have already heard whether they are included. Israel says the remaining 209 exiles will be allowed back by the end of the year.

Israel wants to hold on to Golan listening post

By Andrew Gowers in Jerusalem

ISRAEL is poised to negotiate with Syria on a phased withdrawal from the occupied Golan Heights in coming weeks, but will insist on making the area a demilitarised zone and keeping an electronic listening post there once Israeli troops depart, an Israeli negotiator said yesterday.

Mr David Kimche, a former top Foreign Ministry and intelligence official who is now an Israeli delegate to the multilateral Middle East peace talks, told a news conference that Israel was convinced Syria's President Hafez al-Assad was intent on a deal with the Jewish state.

The president would be spurred towards detailed negotiations by the imminent agreements between Israel and the Palestine Liberation Organisation.

But he said both sides would prefer to implement such an understanding gradually, with Syria normalising relations in steps over several years, while Israel moved off the Golan Heights, which it occupied in the 1967 Arab-Israeli war.

Mr Kimche's analysis, based on intelligence accounts of recent political deliberations in Damascus, was that Mr Assad was not ready to move rapidly to full normalisation. Equally, Israel would need a phased agreement like that under which it handed Sinai back to Egypt in the late 1970s, leaving behind a multinational peacekeeping force.

This would enable it to safeguard the security of its northern regions, which Syrian forces on the Golan threatened during the 1960s, and deal with the Israeli settlers who have since built homes and farms on the strategic heights.

The extent of any Israeli withdrawal is likely to remain the principal bone of contention in what is universally expected to be the toughest part of the bilateral Arab-Israeli talks still to come.

Syria will insist Israel commits itself to a complete pull-out, while Israel would prefer to make a declaration in principle of Syrian sovereignty over, and demilitarisation of, the Golan, leaving details such as the composition of any multinational observer force to be sorted out subsequently.

"We will have to decide whether we can do that [withdraw completely] – and if so, how we are to be compensated from the point of view of security and settlers," said Mr Kimche, stressing that the modalities of withdrawal had yet to be broached in the negotiations.

"But I cannot see by any means that we would agree to Syrian soldiers going back to the Golan."

Israel's Golan electronic listening facilities were its "eyes and ears on what's going on in Syria," he said. He added that Israel might agree to a third party – such as the US – taking over the listening post, provided Israel had access to the information.

Mr Kimche said that although Mr Assad had evidently been angered by the PLO's failure to consult him on its deal with Israel, this would help him also make peace.

He also said Israel would withdraw fully from territory in south Lebanon provided the PLO and Syria undertook to curtail attacks on Israel's northern border by the Islamic militant group, Hizbollah.

Syria was likely to maintain a strong influence over events in Lebanon, he went on, and Israel would not object to that.

Nigeria oil strike lifted

By Paul Adams in Lagos

NIGERIA'S main oil workers' union yesterday suspended its 10-day strike, which was aimed at pressing the interim government to recognise the outcome of the June presidential elections.

Most other trade unions voted to end their strike last week, but the Nupeng union's block on fuel supplies has stopped normal operations in government and the private sector throughout southern Nigeria. Nupeng is expected to lift the strike with immediate effect, but public and commercial transport will need most of this week to return to normal.

Nupeng's leaders described the suspension as a "tactical withdrawal... allowing a truce to give authorities time to review their position on the 12th June presidential elections and find a solution acceptable to the victors and the vast majority of people."

The other members of the Nigeria Labour Congress called off the strike when the interim government backed down over the proposed 10-fold rise in the price of petrol, but the oil workers' strike action was entirely political.

Nupeng was aiming to force the government to hand over to Mr Moshood Abiola, banned winner of the presidential polls who is taking refuge in Britain; its leaders hinted at more strikes to back their cause.

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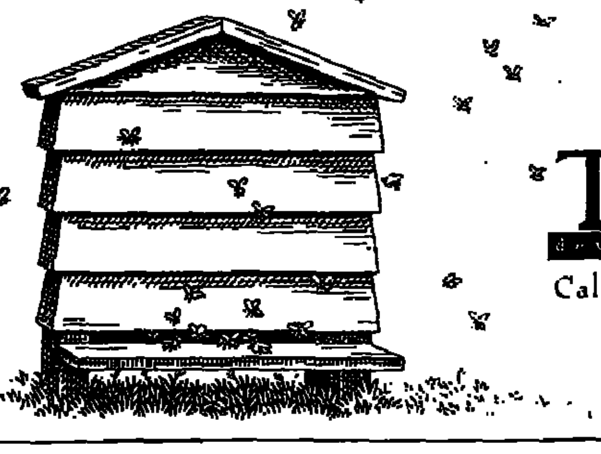

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Orient Express arrives in the orient

By Victor Mallet in Bangkok

WITH recession in Europe cutting into the revenues of the Venice Simplon-Orient-Express, Mr James Sherwood – who heads the Sea Containers shipping group and its affiliate Orient-Express Hotels – is launching a luxury train service between Bangkok and Singapore to take advantage of tourism growth in Asia.

The new Eastern & Oriental (E&O) Express is already plying the 1,943-km route up and down the Malayan peninsula and is expected to be opened officially on September 19. An initial investment of about $23m (£15.2m) and months of negotiations with the Thai and Malaysian governments and railway authorities were required to bring the project to fruition.

The E&O is the first scheduled train to take passengers all the way from Singapore to Bangkok – normally they have to change trains at Butterworth in north Malaysia – and a Thai law had to be changed to allow a private company to run trains on the Thai state rail network. Immigration officers from Bangkok are flown down to the Malaysian border at E&O's expense each time the train enters Thailand.

Mr Sherwood took the precaution of involving Malaysian and Thai companies with good government contacts in the project. Malaysian property companies YTL and Landmarks hold 32 per cent and 18 per cent respectively; Orchid Lodge, majority owned by the Thai conglomerate Italthai, and Orient-Express Hotels each have 25 per cent.

The two-day E&O journey, starting from £740 per person for a one-way ticket between Bangkok and Singapore, is marketed as an experience, like a luxury cruise, rather than as a means of transport.

"Everything pointed to south-east Asia, which I have got to know well because many of my other business activities are concentrated there," Mr Sherwood says of his decision to launch the service. Because of the climate, tourism there is a year-round business, he observes. The Venice Simplon-Orient-Express, launched in 1982, suffers from the seasonal nature of tourism in Europe and has recently been hit by recession and a dearth of American visitors.

E&O executives say they already have 6,000 advance bookings for the Asian journey, equivalent to more than half a year's trips. Each train can take 132 passengers.

Mr Sherwood and his colleagues are already considering other destinations in Asia, including Cambodia – site of the ancient Khmer temples of Angkor Wat – and China.

Uneasy return for Marcos's remains

Jose Galang on fears and hopes accompanying the ex-dictator's body

THE RETURN to the Philippines this week of the body of Mr Ferdinand Marcos, the deposed dictator, could provide fuel for his old supporters to stoke up disenchantment over a stagnant economy.

Mr Marcos's body is scheduled to be flown to his home province of Ilocos Norte in the northern Philippines today. It will be put on display at a newly constructed family mausoleum until burial rites on Friday.

The former president's only son, Ferdinand Jr, left Manila last Friday to fetch the body from Hawaii, where it had been kept in a refrigerated crypt since his death in September 1989. Mr Marcos's widow Imelda has been barred by courts from leaving the Philippines.

Mr Marcos was forced out of the presidency in 1986 in a military-led revolt against his administration. He fled with his family to Hawaii.

The dictator's fall swept into power Mrs Corazon Aquino, whose husband Benigno, a charismatic opposition leader at the time, had been gunned down in 1983 upon his return from a three-year exile in the US. Aquino family members remain convinced that the Marcos government had a hand in the slaying.

Mrs Aquino, during her presidency, had refused to allow the return of Mr Marcos's remains.

Marcos supporters were involved in several armed attempts to overthrow her. All were thwarted – due to a large extent to the support given to Mrs Aquino by Mr Fidel Ramos, her armed forces chief of staff and later defence secretary. Mr Ramos, who was also among the leaders who sided with the military mutiny against Mr Marcos in 1986, is now president.

Ferdinand Marcos Jr (left), only son of former Philippine President Ferdinand Marcos, leads a procession with his father's sealed casket in Honolulu yesterday before boarding a flight to the Philippines *Reuter*

When Mr Marcos lies in state in his home town this week, his supporters are hoping, apparently in vain, for a visit by Mr Ramos. They say that such a visit befits someone who was not only a former head of state but also a relative. Mr Ramos and Mr Marcos are distant cousins. Some argue that the return of the body could aid a reconciliation among the country's disparate ethnic and political factions, and remove a big stumbling block to sustained economic progress, were Mr Ramos to pay his respects.

The people of Ilocos, known for their frugality and clannishness, are regarded as a strong base for anybody with political ambitions. Commonly referred to as the "Solid North", the Ilocos region was a big asset in the political machine of Mr Marcos.

Although the government does not plan to extend state honours at the funeral, Mr Ramos has named four cabinet secretaries to a committee that will help the Marcoses in the burial. His sister, Senator Leticia Ramos-Shahani, will represent him at the funeral. Vice-president Joseph Estrada will be the highest-ranking official present.

Mr Ramos has also allowed the use of a government building in Mr Marcos's home town as a venue.

Throngs of Marcos admirers are expected to gather in Ilocos. Millions of other Filipinos, however, still remember Mr Marcos as the president who placed the country under martial law in 1972. He said then that communists were threatening to destabilise the government. The era, however, came to be known for the abuses perpetrated by the military and civilian leaders while the economy, at the time the most prosperous in Asia after Japan's, deteriorated steadily.

By the early 1980s the economies of virtually all of the country's neighbours were booming while the number of Filipinos living below the poverty line swelled.

The country is still trying to extricate itself from the economic shambles that Mr Marcos left behind.

Electronics giant follows lead on staff cuts by other groups

Toshiba to swing axe at 5,000 jobs

By William Dawkins in Tokyo

TOSHIBA, the electronics group, yesterday became the latest large Japanese industrial company to take an axe to its costs, by announcing it would shed 5,000 staff.

The job losses are to take place over the next three to five years through natural wastage, as Toshiba hires fewer graduates and continues to make older staff retire at the same rate.

Like many other Japanese companies, Toshiba has seen its earnings fall for the past three years, in line with the decline in most of its main markets.

This follows last week's announcement of 10,000 job losses at NTT, the telecommunications group which is Japan's biggest industrial employer.

That set an important precedent for other companies believed to be keen to cut their workforces in response to the economic slowdown, but which had hesitated because of the social unacceptability of making job cuts in Japan.

Toyota and Nissan, the carmakers, earlier this year announced smaller workforce reductions, also through natural wastage. Japanese industrial companies have so far avoided making heavy redundancies, unlike US and European competitors, though the pressure on costs continues.

Further evidence of manufacturing industry's problems came yesterday when the Japan Society of Industrial Machinery Manufacturers reported a 6.2 per cent decline in orders for industrial machinery in July, compared with the same month the previous year.

Domestic orders were stagnant, in line with Japanese companies' unwillingness to commit themselves to new investment. Foreign orders fell 36.4 per cent, a mark of the impact on export markets of the strong yen.

Separately, the Japan Machine Tool Builders' Association reported that year-on-year machine tool orders fell 27 per cent in July, continuing a decline that started in December 1990. The association blamed this latest fall on poor orders from consumer electronics and general machinery producers.

Another industrial bellwether, energy consumption, recorded a mere 0.5 per cent rise, the smallest for six years, in the 12 months to March, the Ministry of International Trade and Industry said yesterday. The main factor in this was a 2 per cent decline in energy consumption by industrial users, the first fall since the last economic slowdown in 1986.

China curbs fixed asset investment

CHINA yesterday announced measures aimed at curbing soaring investment in fixed assets, the main cause of inflation and economic instability, Reuter reports from Beijing.

National newspapers published an order from the State Council (cabinet) listing seven measures to regulate investment and try to direct it along government guidelines.

Fixed asset investment increased 70 per cent in the first seven months of 1993, driving up prices of raw materials and helping to keep the urban inflation rate in July at 23.3 per cent.

The State Council ordered all regions and departments to reassess projects and go ahead only with those that were efficient or that eased bottlenecks in the system. Projects without the necessary capital, that do not match national policy or have no clear market, especially high-class hotels, offices and villas, must be rigorously reassessed.

It said that funds, including foreign loans and those saved from suspended projects, must be concentrated on priority state projects such as agriculture, transport, telecommunications, power and production of raw materials.

In principle no new projects should be approved in the year's second half, and banks would not lend to property projects with no official approval, the State Council said.

The measures are the latest in a series since a 16-point plan unveiled in early July by Vice Premier Zhu Rongji, when he took over as chief of the central bank, aimed at cooling the overheated economy.

Last week Mr Zhu stressed the successes of his programme – a stable yuan exchange rate, recovery of a third of illegal bank loans and a curb on property speculation.

World air links 'could crumble'

WORLD air networks could crumble if the industry's recession dragged on, Mr Pierre Jeanniot, director-general of the International Air Transport Association (Iata), said yesterday, Reuter reports from Cairo. Losses this year would reach "several billion" dollars, he estimated.

Mr Jeanniot told airline leaders and analysts that their troubles were far from over. "What can happen over the next few years is the potential degeneration of international air networks."

If losses continued, more airlines would fold and the industry could implode. As the number of destinations served by airlines dropped, unit costs would rise, causing more bankruptcies.

Mr Gerald Baliles, chairman of a US commission into the industry this year, said it was vital to scrap "archaic" bilateral air traffic pacts and develop a multilateral system.

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President may take measures to bypass Congress

Clinton targets economy

By Nancy Dunne in Washington

PRESIDENT Bill Clinton yesterday vowed to do "anything I can" to stimulate a US economy plagued by job losses in both the private and public sectors.

Mr Clinton, touring areas of Florida hit last year by Hurricane Andrew, was responding to a report in the New York Times that his administration was considering short-term stimulative measures similar to those taken by President George Bush in 1992.

A $17bn (£11.2bn) job-creating package introduced by Mr Clinton early this year was killed by a Republican filibuster in the Senate. According to the New York Times, administration officials are now considering measures which do not require congressional approval, including delays in tax collection, a speed-up of government spending, and an easing of rules governing the airline industry and bank lending.

Mr Clinton's autumn agenda is typically ambitious – healthcare reform, passage of the North America Free Trade Agreement, an anti-crime measure, and Vice-President Al Gore's government restructuring plan, due to be unveiled today.

However, the administration's focus on the economy is a recognition that nothing will boost its fortunes so much as a strengthened recovery.

The president must reckon with Congress's continuing appetite for budget reduction measures, going beyond the cuts in the $500bn budget plan narrowly approved last month.

Some officials would like to direct stimulative spending towards California, the New York Times said. Unemployment in the most populous state is now 9 per cent, thanks largely to job cuts in defence-related industries.

Mr Ron Brown, commerce secretary, has already begun to approve assistance to California, where the president's popularity has been sinking.

Late last month Mr Brown announced $10.7m in grants for California, the first in a number of planned moves to speed defence re-conversion and revitalise the state's economy.

A $2m grant will help convert Castle Air Force Base to a site suitable for commercial businesses. A $1.5m grant will help the state fund the purchase of equipment to utilise aerospace technologies in the production of electric vehicles and advanced transportation systems. These projects alone are expected to create 9,000 jobs over two years.

Reserve levels peak in Mexico

By David Luhnow in Mexico City

MEXICO has announced record levels of international reserves, which should further ease perennial worries of a currency devaluation and give the government more scope to boost the sluggish economy without fuelling inflation.

The Banco de Mexico announced on Sunday that international reserves grew to $22.6bn (£14.9bn) at the end August, a $4.03bn increase from the end of last year. The trade ledger is also looking better, officials said. For the first half of the year, the current account deficit stood at $10bn, 4 per cent less than at the same time last year, while the capital accounts to finance the deficit jumped to $14bn.

"The strength of the Mexican economy gives the government a lot of room to manoeuvre," said Mr Timothy Heyman, of Baring Securities.

A tight grip on money under President Carlos Salinas has slowed inflation to 8 per cent a year and created a budget surplus of more than $4bn dollars for the first half of the year. But it has also choked the economy: manufacturing stagnated at 0.3 per cent annual growth for the first half of the year, according to official figures. Economists are expecting tepid year-end growth of 1.5 per cent.

Higher growth ahead of next July's presidential elections is widely seen as politically desirable for the ruling Institutional Revolutionary party. Addressing a banker's conference on Sunday, Mr Salinas said his government would run a balanced budget for the rest of this year, boosting spending by $3bn-$4bn.

There are also signs the government will use an extra $8bn, including proceeds from recent media privatisations, to finance a highway project in the south.

The government will keep interest rates at current nominal levels of 13.5 per cent, down from more than 17 per cent in January, economists believe. Officials might also give in to business demands for lower corporate tax rates.

Observers are forecasting robust growth rates of 3.5 per cent next year.

Canada set for October poll

By Bernard Simon in Toronto

CANADA'S prime minister, Ms Kim Campbell, is set to call a general election in the next day or two for October 25.

The poll, just a month short of the expiry of the ruling Progressive Conservatives' five-year mandate, promises to be one of the most closely fought and unpredictable in recent Canadian history. Pre-election jitters have already unsettled financial markets. The Canadian dollar fell sharply last week, forcing a jump in short-term interest rates.

The usual three-way battle among the Conservatives, the opposition Liberals and the left-of-centre New Democratic party is complicated this time by the presence of two popular regional groups.

The separatist Bloc Québecois has won support among French-speaking Quebecers, who played a crucial role in sweeping the Conservatives to victory in the past two elections. In the west, the Reform party has made inroads with a populist platform of less government, tighter immigration controls and a retreat from official bilingualism.

The outcome is further clouded by the virtual collapse of the NDP, hobbled by unpopular New Democrat governments in Ontario and British Columbia.

Recent opinion polls show the Liberals slightly ahead of the Conservatives. Besides portraying Ms Campbell as a clone of her unpopular predecessor Mr Brian Mulroney, the Liberals stand to benefit most from the NDP's weakness.

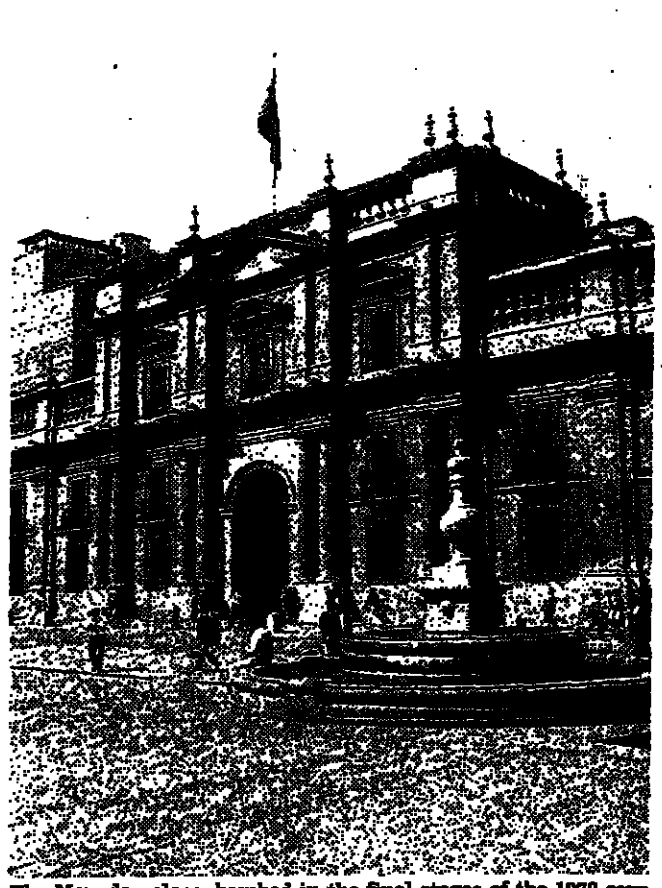
Ms Campbell, who took over as prime minister two months ago, has delayed the election to put as much distance as possible between herself and Mr Mulroney. The Tories are putting their faith in polls which show her far ahead of Liberal leader Mr Jean Chrétien in personal popularity.

Ms Campbell has followed the example set by President Bill Clinton in his campaign by avoiding the mainstream media and instead making countless appearances among "ordinary Canadians".

The main parties have so far focused on economic issues, especially deficit reduction and job creation.

No easing of general's grip in 'free' Chile

David Pilling on the coming 20th anniversary of Pinochet's coup



The Moneda palace, bombed in the final stages of the 1973 coup that overthrew President Salvador Allende, after restoration. The building is out of bounds to coup celebrations. Picture: Ken Wan

THERE IS a little copper coin in Chile, the 10 peso piece, which depicts the angel of liberty snapping the chains of repression that for so long have bound her wrists. It does not commemorate Chile's return to democracy in 1990, after 17 years of military rule, but the coup of 1973 that brought the generals, led by Augusto Pinochet, to power.

As Chile approaches the 20th anniversary of the coup of September 11, the coin remains a small but significant reminder of the fragile balance that exists between the civilian government and the military forces. The authority of the transitional administration, led by President Patricio Aylwin, is still strictly circumscribed by the armed forces and by Gen Pinochet's 1980 constitution which remains largely intact.

Relations with the military, alternately civil and strained during the democratic transition, have become tense over the past few months. The low point was May 28 when the military took advantage of President Aylwin's absence abroad to put on a show of strength on Santiago's streets. Troops appeared in full combat gear, sporting automatic weapons and rocket launchers, as the generals – still headed by Gen Pinochet – held a meeting.

The sabre-rattling of May was largely provoked by the one issue that has dogged civilian-military relations since the 1990 handover – the matter of human rights abuses committed during the military regime. Most leaders of the armed forces believe that the issue has dragged on for too long. Many still argue that during the 1970s the military was engaged in a legitimate war against Marxism, and that their actions should not be criticised.

Furthermore, since few, if any, torturers and assassins are to be punished – because of an amnesty promulgated in 1978 – most in the military feel that to pursue trials is a waste of time which can only further sully the armed forces' reputation.

President Aylwin's recent attempt to bring the trials to a conclusion ended in disaster last week when divisions within the governing Concertación coalition killed off the president's bill. The so-called "Aylwin Law", presented to the nation in an emotional speech last month, had sought to appoint special judges to hear human rights trials in secret. The hope was largely to unearth fresh information that might have led to the discovery of bodies "disappeared" by the military.

The president was last week forced to halt the bill's progress through Congress after parties within his own coalition voted against the secret clause which they argued denied the nation its right to know. It seems clear that, during months of discussions with Gen Pinochet, the president had reached agreement with the military, but had not squared the deal within his own government.

His retreat, seen in Santiago as a personal political defeat, shows the difficulty of trying to appease politicians and soldiers when they are pulling in different directions.

The bickering within the Concertación mirrors the no less public debate over commemoration of the 20th anniversary of the 1973 coup, still a public holiday after the government's failed attempt to shift it to a less controversial day. The failure to do so in itself highlights the restrictions imposed by the 1980 constitution which, among other things, enabled Gen Pinochet to stack the Senate with nine of his non-elected supporters.

The Concertación has insisted that the military not conduct its celebrations within four blocks of the Moneda presidential palace, the building which was bombed during the final stages of the 1973 coup that overthrew the left-wing government of President Salvador Allende.

Mr Aylwin has called on the armed forces to show restraint and to remember the families of those who suffered repression. He has also urged Chileans not to organise demonstrations in favour of or against the coup, but instead to strive for reconciliation.

Traditionally, government employees have demonstrated their disapproval of the holiday by refusing to take the day off work. But this method of protest has been denied them this year since September 11 falls on a Saturday. The possibility of clashes between opponents and supporters of the coup remains, in spite of the president's attempt to defuse matters.

Gen Pinochet feels the nation has forgotten what he sees as the service performed by the military in overthrowing Mr Allende's Marxist government. "Everybody in this country has forgotten," he said in a recent speech. "It is as though a shadow of amnesia has passed over the minds of the people."

He remains a combative defender of the new role carved out for the armed forces under what has been called a "protected democracy". He cannot be dismissed by the government and is guaranteed to remain commander in chief until 1998. The president also has no power to reduce the huge armed forces budget which is inflation-proofed and supplemented by 10 per cent of the state copper company's earnings.

Mr Eduardo Frei, the presidential candidate of the Concertación almost certain to win December's general election, has pledged to tackle what he regards as the military's excessive power. After the armed forces' recent flexing of muscles, it seems his task will be far from easy.

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Poor harvest will mean shortfall

Japan pressed to lift rice import ban

By Emiko Terazono in Tokyo

JAPAN may be forced to import rice for emergency supplies because of this year's poor rice harvest, the result of cold weather and a spate of typhoons.

The rice shortage coincides with mounting pressure on Japan to open its rice market within the Uruguay Round of multilateral trade negotiations. While the Ministry of Agriculture denies that there is a shortage, industry analysts point out emergency rice imports will be inevitable.

Japan relaxed its ban on rice imports on one occasion, for 150,000 tonnes of rice from South Korea in 1984, to make up for a shortage.

This time the government is facing increasing pressure from the US and other leading rice producers.

Mr David Graves, president of the US Rice Millers Association, last month called for Japan to buy American rice for emergency imports, while the Australian government has also lobbied Tokyo.

The coalition government under Mr Morihiro Hosokawa, the prime minister, has backed the import ban. Many members of the coalition are supported by rural constituencies. Electoral reform, which Mr Hosokawa has pledged to introduce this year, is expected to correct the under-represented urban vote and dilute the powerful rice lobby, quickening the pace of liberalisation.

As of August 15, the Agriculture Ministry said the rice harvest index stood at 95 against the average harvest of 100. However, Mr Yoshiro Takahashi of Rice Databank, a private research organisation on rice, says the final index could fall below 90, and the actual shortfall could rise to 700,000 tonnes.

The average annual demand is 10.6m tonnes.

The ministry intends to review its policy of reducing rice production, established in 1971 to prevent an oversupply. The ministry is now asking local governments to find out whether farmers who turned their rice paddies into vegetable and fruit fields wish to resume rice growing.

● Japan and the US will meet in Washington on Thursday to discuss a framework for a new economic partnership, Reuter adds.

The environment, technology, human resource development, population control and Aids will be discussed, along with Japan's global trade surplus.

Japan's global trade surplus grew to $11.82bn (£7.8bn) in July from $9.23bn a year earlier. The surplus with the US climbed to $4.68bn from $3.81bn.

Boeing opens technical research centre in Moscow

By Paul Betts, Aerospace Correspondent

BOEING, the world's largest commercial aircraft manufacturer, yesterday opened a technical research centre in Moscow, reflecting the growing trend of collaboration between Russian and western aerospace groups.

The Boeing centre follows a year of planning with leaders of the Russian commercial aerospace industry. It is equipped with computer facilities for use by Russian research engineers and scientists who will work under contract to Boeing.

Boeing said the centre's initial projects would include research into aerodynamics, special alloys and the impact of sub-zero weather on aircraft fuel systems.

If research projects proved fruitful, there would be benefits to current and future civil aircraft programmes including studies on a 600-800 seater super jumbo airliner and a new generation of supersonic aircraft.

Boeing is already studying development of a super jumbo with the four European partners in the Airbus programme, including British Aerospace, Aerospatiale of France, Deutsche Aèrospace and Casa of Spain.

All the partners have already indicated they would be interested in extending their collaboration to other manufacturers, including Russian aerospace groups.

Boeing has been anxious to exploit the long-term potential of the commercial aircraft market in the Commonwealth of Independent States and Russia's well-established research and scientific expertise.

For their part, Russian manufacturers have been keen to forge close links with western companies to secure new sources of hard currency funding and access to western markets.

Boeing, which has already supplied 737 twin engine airliners to CIS airlines, expects domestic traffic in the CIS to grow by around 3 per cent a year between now and 2010, while international traffic to and from the CIS is forecast to grow annually by 5 per cent.

Over the next 16 years, Boeing expects demand for 1,300 new aircraft for domestic use in the CIS and a further 250 aircraft for international use, worth a total of $55bn (£36.4bn) at current dollar values.

Hungary is model in mobile phone scramble for E Europe

Nicholas Denton on prospects for western companies in a region where the phones don't work

MANY western investors have gone cool on an eastern Europe mired in recession. But not the US and European telecommunications companies that campaigned for two concessions to operate digital mobile communications which Hungary awarded at the end of last month.

A group led by regional Bell operator US West and another of national telecoms companies from the Netherlands, Denmark, Sweden and Finland won the tenders over DBFH Consortium, a coalition of Deutsche Telekom, France Telecom and British Telecom.

Bids surpassed expectations: the two successful consortia offered nearly $100m (£66m) between them for the rights to operate eastern Europe's first wireless services based on the pan-European GSM digital standard for the next generation of cellular phone networks.

On top of the concession fee, the winning contenders committed themselves to network development which could cost $400m over 10 years.

International interest in Hungary's GSM tender has been feverish, partly because Hungary is widely regarded as the "model" for the rest of eastern Europe.

US West has been particularly active, recently winning tenders to develop digital mobile networks in 10 Russian cities. The company also has stakes in existing analogue mobile concessions in east-central Europe. It partners Hungarian Telecommunications Company in the Westel joint venture in Hungary and has teamed up with US counterpart Bell Atlantic and local operators in the Czech Republic and Slovakia.

EAST EUROPEAN CELLULAR TELEPHONE SUBSCRIBERS (January '93)

Country	Subscribers	Penetration*
Czech/Slovakia	6,188	0.29
Croatia	6,000	1.28
Estonia	2,400	2.59
Hungary	22,010	2.08
Latvia	1,200	0.37
Lithuania	267	0.08
Poland	3,000	0.08
Russia Moscow	2,415	0.24
Russia St Petersburg	1,057	0.21
Slovenia	4,000	2.00
Total	48,537	0.52
Total W European**	5,985,146	16.25

*Per 1,000 of population. **As at March 1; figures for analogue networks.
Source: FT Mobile Communications Newsletter

In Poland, Ameritech of the US, France Telecom and local partners have invested $120m in their Centertel joint venture. Meanwhile, various Scandinavian operators are embarking on wireless communications development in the Baltic republics.

Further south in the former Soviet Union, Deutsche Telekom, Telecom Denmark and PTT Netherlands have combined to provide mobile phones in 21 Ukrainian cities.

The rash of deals in eastern Europe owes something to the worldwide fashion for cellular communications. Greece set a new benchmark for emerging markets by selling off two GSM digital concessions last year for a total of $320m.

Eastern Europe has particular strategic value for some companies. US West, for instance, hopes that its growing presence will allow "backdoor" access to European Community markets as the two halves of the continent come closer. And a representative of the "Nordic" operators which campaigned so vigorously for the Hungarian GSM concession says that the area is "strategically vital" if they are not to be cordoned off in home markets.

Another draw is that east European governments are moving towards liberal telecommunications regimes to attract finance from abroad. They have little alternative. Improvement of telecommunications is a priority and budget deficits preclude extra government spending.

The decisive enticement, however, has been the sparkling initial performance of the east European market for mobile communications, which has shrugged off the region's general recession.

Take Hungary. When Westel, US West's existing Hungarian joint venture, began providing an analogue mobile service three years ago, customers queued up outside its offices. Penetration has been much more rapid than in the west. Westel has 33,000 subscribers and expects to have 40,000 by the time the company's investment of $85m brings nationwide coverage at the end of the year.

Hungarian subscribers, moreover, spend nearly three times as much time on their mobile phones than the average user in western Europe, despite stiffer charges. No wonder rivals describe Hungary as "the jewel in the crown" of US West's east European operations.

Hungary's new breed of entrepreneurs, temperamentally status-conscious, are particularly avid mobile phone users. "Maybe it is to do with the Hungarian nature: they are the traders of central Europe," says Mr Richard Spandler, head of international mobile services for Telecom Denmark.

But Hungary's neighbours are no cellular slouches. US West's Czech and Slovak ventures have about 10,000 subscribers, for instance, and they are also heavy users. Poland's Centertel expects 20,000 customers by the end of this year.

Common to the region is the inadequacy of the standard telephone network. Waiting lists attest to suppressed demand for telephones in the region, which programmes for investment in landlines will take years to satisfy.

Survey evidence from Hungary is that half of subscribers to existing analogue mobile services have no access to a standard telephone line. They are the only communications option for many businesspeople. Short of getting into a car, that is.

China faces sanctions over rhino horns trade

SANCTIONS against China and Taiwan for illegal trading in rhino horns will today be considered by the 120-nation UN Convention on International Trade in Endangered Species (Cites), David Gardner writes from Brussels.

The standing committee of Cites, meeting in Brussels, is examining allegations that these countries have failed to stamp out the trade, banned since 1976.

The sanctions could take the form of a ban on virtually all wild animal products from and into China and Taiwan, not just products from rare animals, according to the Environmental Investigation Agency.

The last Cites standing committee meeting in Washington last March decided to defer any decision until after further consultations with China and Taiwan.

The EIA and the World Society for the Protection of Animals say that in July – a month after both governments claimed to have ended the trade – their teams found a one-tonne stockpile of rhino horn in China, equivalent to the number of rhinos now surviving in Zimbabwe. In Taiwan, 19 out of 24 pharmacies admitted to stocking rhino horn – used for reducing fever – while two-thirds of Hong Kong chemists had rhino horn for sale.

Shortlist for Greek railway project

By Kerin Hope in Athens

THE Greek government has shortlisted five international consortia to bid for a Dr80bn (£225m) project to build a single-line underground railway for Thessaloniki in northern Greece.

The Public Works Ministry said the contract for the 9.3km underground would be awarded at the end of this year, with construction due to start early in 1994.

The ministry indicated that bidders who could guarantee completion of the turnkey project by 1997, the year when Thessaloniki becomes cultural capital of Europe, would hold an advantage in the selection process.

Thessaloniki has already launched a Dr30bn public works programme to improve the city's infrastructure and cultural facilities.

The twin-track line, crossing the city centre, will be constructed at a depth of 15 metres, well below an extensive archaeological layer containing remains of the city's Roman and Byzantine past. However, a considerable amount of archaeological excavation, which could cause delays, will still be needed.

The Greek state is to cover half the project's cost and will also subsidise fares. The remainder of the financing is to be provided by the contractor, which will be entitled to operate the system for 25 years. According to preliminary studies, 30m-50m passengers a year would use the underground.

The five contenders are: Interinfra, a French consortium involved in a project to extend the Athens underground system; Alexandrian Metro, led by Siemens of Germany, which is also participating in the Athens project; Mechaniki, led by a northern Greek construction company; Louygues, a French, Canadian and Greek consortium including Bouygues of France and Bombardier of Canada; and Iris-Rommetro, a Greek-Romanian group.

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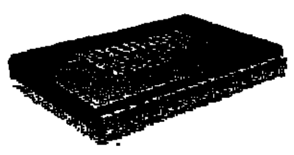

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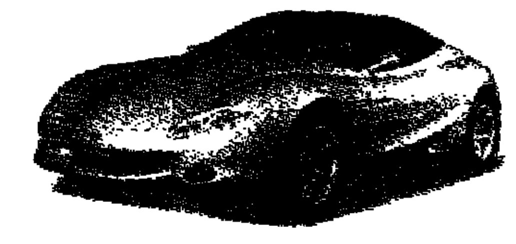

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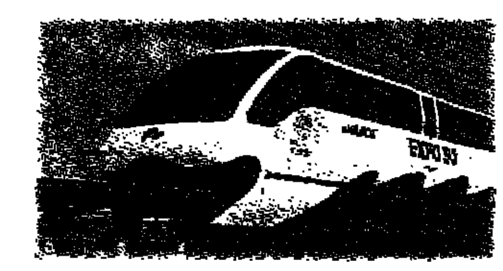

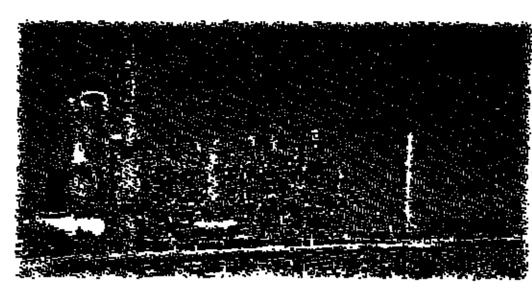

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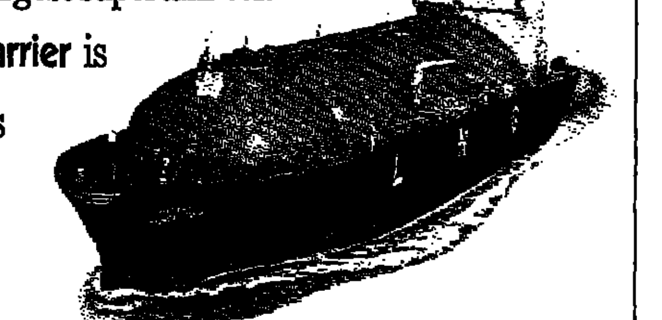

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British Gas erupts in fury at regulator

By David Lascelles, Resources Editor

BRITISH GAS, the privatised utility, called yesterday for curbs on Ofgas, the official regulatory organisation, which it accused of deliberately stoking up acrimony between the two organisations.

The argument emerged from the Monopolies and Mergers Commission report on British Gas which was published in full yesterday, following the release of its main recommendations last month. These called for the break-up of British Gas by 1997, followed by the abolition of the monopoly in the tariff market for small customers.

The report summarises British Gas's submission to the monopolies body, in which it complains in strong and often bitter terms about its treatment at the hands of Ofgas and Sir James McKinnon, the regulator's director-general. The wide-ranging attack went much farther than earlier clashes in the long-running battle between company and regulator.

British Gas added that Ofgas started from the position that any proposal from British Gas would be unsatisfactory and that it exploited the news media by issuing press releases that were inaccurate and emotional.

It also said Ofgas was reluctant to acknowledge any good performance by British Gas, and distorted the results of face-to-face meetings in subsequent correspondence, placing the worst possible interpretation on any position taken by British Gas.

British Gas included an attack on Sir James who, it said, "frequently threatened the unnecessary use" of his powers in order to achieve his objectives. Altogether, Ofgas' behaviour made the relationship far worse than it need have been, British Gas said, and this affected the attitudes of investors and lenders to the company.

British Gas said the role of Ofgas should be limited to regulating monopoly activities, and that wider questions of competition in the gas business should be removed from its brief. The company went on to propose a set of measures for regulators similar to the Cadbury Committee proposals on corporate governance. It said Ofgas should be made to publish, with reasons, the basis for any proposed enforcement decision. It said there should be an adequate appeals process, consisting of a three-person panel possibly at the monopolies commission, to deal with disputes between the regulator and utility.

British Gas added that regulatory power should be vested in a Gas Commission rather than the director-general of Ofgas, who had "excessive discretion". The company also said regulators should have a code of practice for dealing with the Stock Exchange and the press so that companies being regulated have an opportunity to be consulted before announcements about them are made.

Sir James declined to comment last night.

The 1000-page report also reveals that the Department of Trade and Industry, which must decide the future of British Gas, is wary of proceeding too fast with radical changes to the gas market.

Officials in the oil and gas division of the Department of Trade and Industry said that breaking up British Gas and abolishing the monopoly in the tariff market for small customers were "complex" exercises for which there were no precedents in other countries.

Colin Beere

Elm Energy's MD Anne Evans with chairman Peter Fisher

Worn-out tyres to fuel Midlands power station

By Tim Burt

EUROPE'S FIRST power station fuelled by waste tyres will start preliminary operations in Britain this week. When complete it will be able to generate electricity by burning more than 8m tyres a year.

The West Midlands plant, employing 60 people, expects to burn 23 per cent of Britain's waste tyres in its first year of operation.

The project is the latest waste-to-energy scheme under a contract with the Non-Fossil Purchasing Agency, which encourages alternatives to coal-fired power.

The contract allows Elm Energy – a US joint venture between utility group Nipsco and the tyre company Performance Services Corporation – to supply power to 25,000 homes in the Midlands region of England.

If pre-production tests this week are successful, the company intends to build another plant at East Kilbride in Scotland and to seek a suitable site in south-east England.

Elm says the power station at Wolverhampton will be the cleanest in the UK, pointing to £48m of equipment and plant installed to ensure that emissions are well below maximum levels set by the World Health Organisation.

Mrs Anne Evans, managing director, said that – unlike fossil fuels – waste tyres contain only low levels of carbon and none of the dioxins which lead to greenhouse gases.

"This new technology is not an environmental problem," she said. "Our emissions are between one hundred thousandth and one billionth of the allowable limits."

Potentially harmful by-products of burning tyres are to be recycled. The tyre industry will buy back zinc oxide, steel particles will be sold for scrap and calcium sulphate will be used for building materials.

Once purified, steam from the plant's generators will be transformed into electricity by a 35 megavoltamp turbo-generator. Midlands Electricity will supply the power to domestic users.

Tyre distributors including subsidiaries of Michelin, Pirelli and Goodyear have signed contracts with Elm Energy.

Oilfield spending 'to drop slowly'

By James Buxton, Scottish Correspondent

SPENDING by the offshore oil industry in the UK sector of the North Sea is expected to decline only modestly over the next four years even though the UK continental shelf is now a mature area for oil and gas production.

Between this year and 1997 annual spending on existing and new fields should fall by less than £1bn from this year's level of £8.5bn, according to Scottish Enterprise, the development body.

Scottish Enterprise yesterday published its biennial forecasts for UK and worldwide petroleum activity.

The latest forecasts contrast with those Scottish Enterprise made in 1991, which suggested a rather steeper decline in spending on exploration, development and operations from a record in 1991. In that year spending in the UK continental shelf totalled £9.3m.

The continued high level of development spending, measured in 1993 prices, follows the record levels of exploration and appraisal reached in 1990 when 214 wells were drilled.

But only 137 exploration and appraisal wells were started in 1992 and Scottish Enterprise does not expect more than 105 to be drilled each year up to 1997.

That is due partly to the removal in the 1993 UK Budget of petroleum revenue tax relief for exploration and appraisal work, the study suggests.

Between 1993 and 1997 some 41 new oil or gas fields are expected to come on stream in the northern North Sea, and 29 in the southern sector. But many new fields will use lower cost subsea technology rather than new platforms, while gas will make up an increasing proportion of the new fields coming into production.

Oil output is expected to reach almost 2.5m barrels of oil a day in 1995 compared with 2m barrels a day this year. After 1995 output will fall back slightly.

Worldwide expenditure on offshore and onshore activity is expected to remain roughly stable at between £112.7bn and £114.1bn a year over the next five years. Of this, offshore activity will account for about £65bn a year.

● Some 20 per cent of future commercial fields in the North Sea have been delayed by more than a year because of an abundance of new supplies and weak oil prices, according to Arthur Andersen Petroleum Services, David Lascelles writes.

Other reasons include uncertainty caused by the current review of UK energy resources and over-optimistic forecasts. The report says production from the fields makes up only a small part of total UK production, but will help extend UK output later in the decade.

Forecasts of Upstream Petroleum Activity. Scottish Enterprise, 10 Queens Road, Aberdeen AB1 6YT. Free.

'Sapped' Bristol seeks aid from EC

A BID for much of the Bristol area of western England to receive European Community regional aid to counter industrial decline was submitted to the Department of Trade and Industry yesterday, Roland Adburgham writes.

The designated area stretches from Filton in north Bristol, the home of a British Aerospace plant, to Hartcliffe, a deprived part of south Bristol. It has seen the loss of over 6,500 industrial jobs because of the recession and cuts in the defence and aerospace industries. There is a local unemployment rate of 19 per cent.

Mr Graham Robertson, leader of Bristol city council, said: "The area's economic strength has been sapped to a degree that ought to make it a prime candidate for EC help." Mr John Savage, chief executive of Bristol Chamber of Commerce and Initiative, said: "The Bristol region is going through a massive restructuring of its economy. That's a very painful process."

The city council, together with other councils and Western Development Partnership, Avon's newly-formed economic lobby group, are jointly making the case for Objective 2 status, which gives access to EC funds for areas of industrial decline.

The existing Objective 2 map is being redrawn and the department will forward its proposals for areas to be included to Brussels by the end of the month. Projects aided will have to have matching public or private finance.

Agents are accused over holiday advice

By Michael Skapinker, Leisure Industries Correspondent

LARGE CHAINS of travel agents are recommending their parent companies' holidays to customers, and more than a third are offering no alternative, the latest issue of the Consumers' Association magazine Holiday Which? says today.

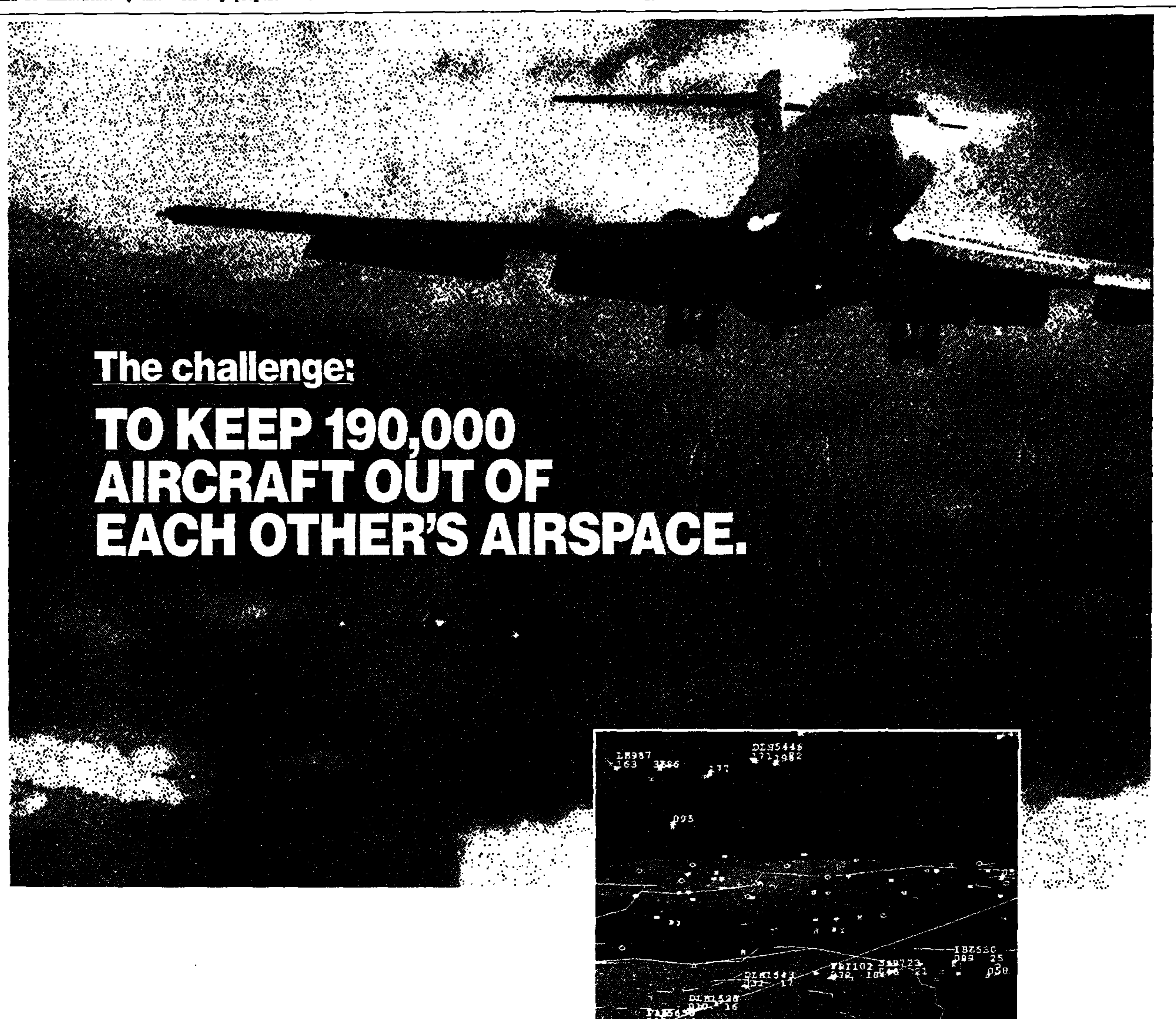
Magazine staff visited 80 travel outlets, expressing interest in a September holiday in Crete and an autumn weekend break in Paris. Most of the travel agents which form part of large groups initially suggested holidays sold by their parent companies, although some suggested alternatives.

The Office of Fair Trading is investigating the links between large tour operators and retail travel outlets. Independent tour operators say they are having increasing difficulty persuading retail chains to carry their brochures.

The magazine said three quarters of the Lunn Poly outlets visited suggested Thomson holidays. Lunn Poly is owned by the Thomson group. Half the shops followed their first suggestion with recommendations of holidays from other operators.

Two thirds of Thomas Cook branches offered either the chain's own holidays or those of Owners Abroad, the company with which it is linked.

At Hogg Robinson branches, half the initial suggestions were for holidays from Airtours, the parent company. At Pickfords Travel, also owned by Airtours, three quarters offered trips to Paris from the parent company.



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In the U.S. we are a key contributor to the Federal Aviation Administration's new Advanced Automation System, developing and producing automated, large-screen consoles that will give air traffic controllers instant access to a broad range of critical data.

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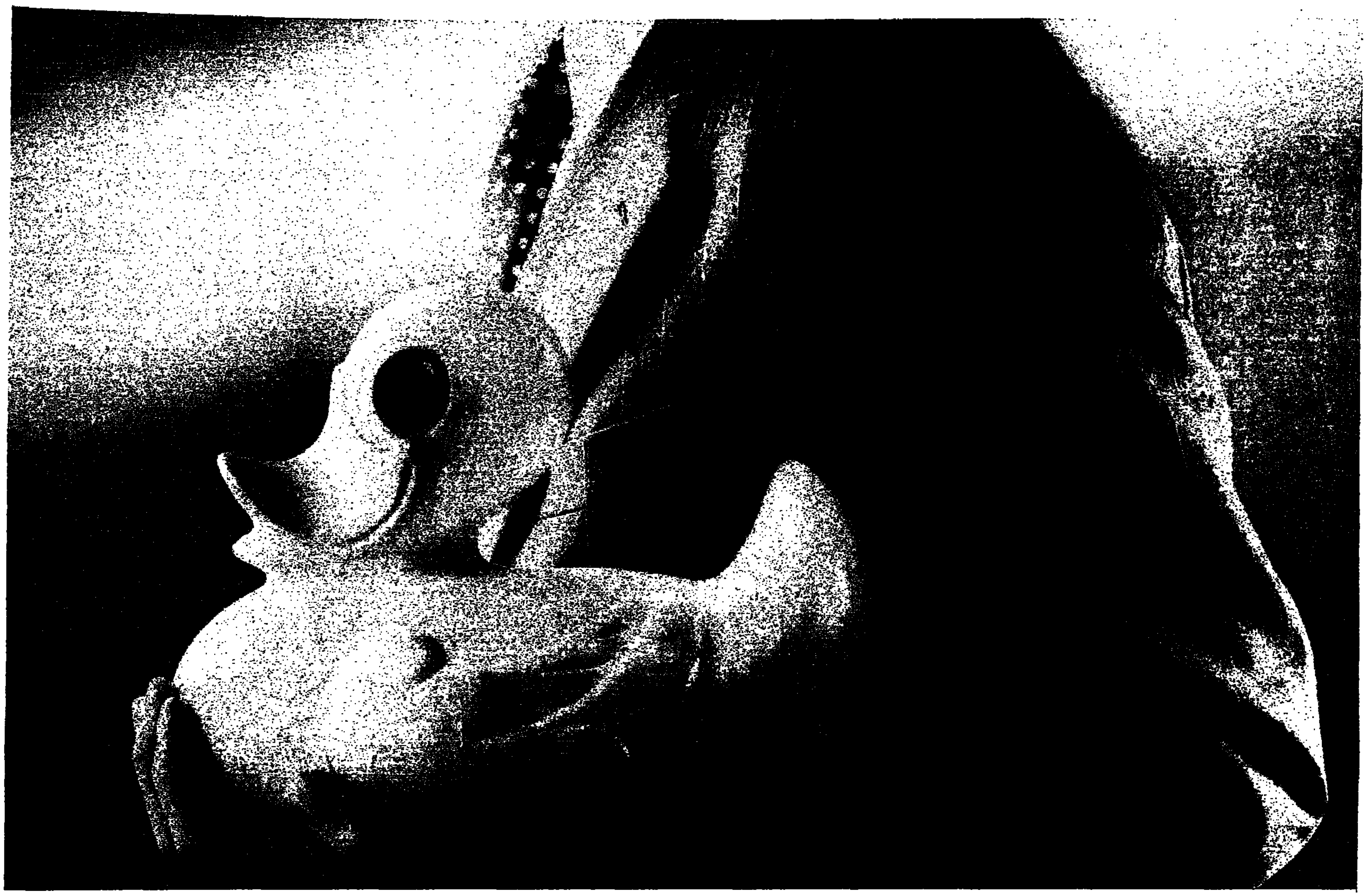
Oilfield spending 'to drop slowly'

When you arrive in London expect heavy showers. Not to mention fluffy towels and a powerful hairdryer.



It's 7 o'clock in the morning. You've just arrived back and it's time to turn your mind to the day's work ahead. Unfortunately your body's got other ideas.

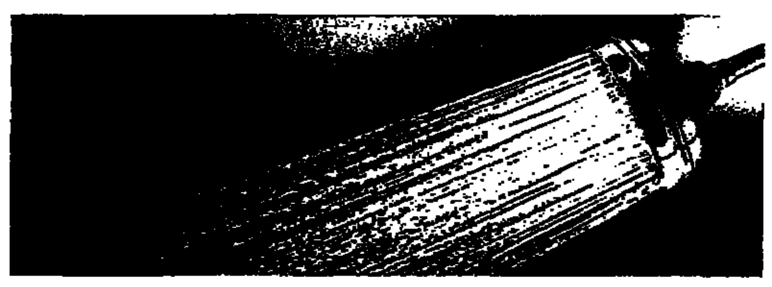
After a night of travel what it really wants is a day of rest. Preferably with lots of hot water, fresh clothes and cups of coffee thrown in.

We can't provide the day of rest, but at least we can help with the other items. The new Arrivals Lounge at T4 really is a sight for red-eyes.

There you'll find piping hot showers with towels provided. And shampoo and shaving kits available on request. (Rubber ducks, regrettably, are not currently provided.) There's even a valet pressing service to smooth out the wrinkles in your clothes, while you attend to ones on your face. Any wrinkles in your work meanwhile, can be quickly ironed out by using the phones or fax machine.

And if you want to grab every precious last second of sleep on the plane, you can catch up on breakfast in the lounge. As it's open all morning, you can refuel anytime you want. There's fresh fruit for taste buds still needing a wake up call. And decaf, if by now you're in danger of becoming too wide awake.

Now there's no reason at all why you can't put in a full and productive day at the office. Sorry.



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NEWS: UK

Timex puts up £3m tribunal cover

By Robert Taylor, Labour Correspondent

DISMISSED Timex workers in Britain have secured a £3m legally-binding guarantee from the US-based company to cover any awards they secure from industrial tribunals for their alleged unfair dismissal.

The company, which shut its Dundee circuit board production plant last week after a dispute with employees lasting eight months, said yesterday it would "vigorously defend" itself before the tribunals.

Mr Gavin Laird, the AEEU engineering union's general-secretary, said: "We are going for the maximum level of award under the law whatever that is. This is going to cost Timex. We are extremely confident of winning. The lesson for other companies from this is you must deal sensibly with the AEEU. Rubbish our members and you will pay the price." Mr Laird said Timex had not wanted to provide a financial guarantee of its good intentions before the industrial tribunal, but the union would not have accepted that.

Last week the union sought an injunction in the Scottish court against the company to compel Timex to provide £3m as a guarantee that it would honour any tribunal awards for the 317 workers involved. The court agreed with the union.

Two weeks ago the AEEU compelled Timex to provide £40,000 in guarantees for four of the sacked Timex workers. The union decided after that victory to seek guarantees for all the workers affected.

An exultant Mr Laird said that the union had won on all seven occasions that Timex had taken the AEEU to court during the strike that followed the company's mass sacking of all its employees and their replacement by a substitute workforce. "The British government's repressive labour legislation was responsible for the closure of the Timex plant ", said Mr Laird.

Local strike leaders said their boycott campaign of Timex would continue. Pickets yesterday were outside the company's watch production plant in Besançon, France.

Ashley Ashwood

Ex-Timex workers putting a forceful case to Gavin Laird of the engineering union yesterday

Ford accused over job cuts

By John Griffiths

FORD UK was accused yesterday of seeking to "blackmail" up to 1,200 production and 200 staff employees into applying for voluntary redundancy over the next four months.

The accusation came after Ford announced it was seeking the job cuts, which would bring to 2,500 total employment losses within its UK operations this year.

The company said that all redundancies would be voluntary, and that "no further action will be taken if the targets are not reached".

But, in a move clearly designed to encourage early departures, it warned that future voluntary redundancy programmes were likely to offer reduced payments.

Mr Jimmy Airlie, principal negotiator with Ford for the AEEU engineering union, alleged that Ford was seeking to blackmail employees into accepting current terms. He said Ford's unions would fight "rigorously" against any attempt to reduce payments.

The company has been hit hard by the steep decline in car and van sales in mainland Europe and by a drop in its share of total sales of new cars in the UK, where it is market leader. Ford insisted yesterday that the cuts were part of productivity improvements and not directly related to market conditions.

The biggest intended job losses, of up to 450 hourly-paid and 50 staff, are to be at Dagenham in east London, where Ford makes engines, Fiesta cars and vans, and kits for export.

The Halewood plants on Merseyside, which make transmissions as well as Escorts, are planned to lose up to 370 jobs. A further 205 jobs are planned to go at the Transit van plant at Southampton, which has been adversely affected by the downturn on mainland Europe. Jobs will also be lost in Wales.

Its parent, Ford of Europe, will be in loss this year for the third successive year and its chairman, Mr Jacques Nasser, has warned that further losses in 1994 would begin to hit future core investment and product development programmes.

Rolls-Royce in £60m aero-engines drive

By Paul Betts, Aerospace Correspondent

ROLLS-ROYCE, the aero-engine and power systems group, yesterday launched two six-year programmes to develop advanced technologies for future aero-engines at a total cost of £60m.

The two programmes, jointly funded by the Ministry of Defence and Rolls-Royce, will be carried out at the company's military engine facility at Bristol.

The first programme will research and demonstrate ways of applying advanced technologies to combustors and high-pressure turbines for use in a wide range of future engines.

The second programme will focus on the demonstration of advanced compression systems, low pressure turbines, reheat systems and nozzles.

Compared with current combat engine technology, the aims of the new programmes include a 50 per cent reduction in engine mass, a 30 per cent cut in fuel burn and 30 per cent lower manufacturing costs.

Rolls-Royce said the programmes would help new versions of the Eurojet EJ200, the power plant being developed for the Eurofighter 2000 being devloped by the UK and other countries.

Britain in brief

Fears about old beef dismissed

UK MINISTERS yesterday dismissed fears about the quality and safety of six-year-old beef that has been sold from frozen storage onto the market, saying it was "perfectly fit for human consumption."

The opposition Labour party and the Consumers' Association have protested about the fact that the beef, dating from 1986 and held in UK intervention stores as part of the EC beef mountain, was released to shops without being date-stamped.

A European Commission official in Brussels said yesterday that beef from intervention stores was meant to be sold on a "first in, first out" policy. If that had been done, the contentious batch of 25 tonnes of six-year-old beef "should have been sold three years ago."

The official said inspectors from the UK Ministry of Agriculture had found the beef to be in a perfect state.

Ministry officials said fears of contamination by bovine spongiform encephalopathy – "mad cow disease" – were unfounded because intervention stocks never contained the animal tissue which has to be removed from beef under 1988 safety regulations.

Mr Nicholas Soames, food minister, said cold-store beef would continue to be sold and there was no need for it to be labelled by age, although butchers should warn consumers not to re-freeze it.

Britain has 144,000 tonnes of beef in 95 stores out of total EC stocks of about 860,000 tonnes.

Housing goes on recovering

THE SLOW recovery in the housing market is continuing. Department of the Environment figures released yesterday indicate. They showed that work started on 47,400 new dwellings in the three months from May to July.

The department said builders started work on 9 per cent more homes than in the corresponding months last year.

Strength in borrowing

Central Statistical Office credit figures show that consumers borrowed a net £204m in July compared with £213m in June. The strength of consumer borrowing supports evidence of rising consumer confidence even though the figures do not include mortgages and account for only about 15 per cent of consumer debt.

Court move on Observer

THE OBSERVER newspaper and the government are being taken to court over the failure to consult workers about the Sunday newspaper's recent takeover by The Guardian.

The GPMU print union, which represents about 35 Observer staff, believes the takeover could become a test case for the European Community Acquired Rights Directive, which requires worker representatives to be consulted in some mergers. When the directive was translated into UK law in the early 1980s, it was stated that only workers in recognised unions needed to be consulted.

That means that in the UK workers who are not in unions or, as at the Observer, are in unions but are not recognised by the company, are not consulted. The GPMU claims that the government's failure to introduce the broader consultation procedure into UK law is unlawful.

£20m extra for Independent

NEWSPAPER Publishing, publisher of The Independent, plans to raise up to £20m in a financial restructuring later this year. The amount is at the upper edge of expectations because of the competitive threat from News Corporation's cut-price Times.

The news of the potential scale of the Newspaper Publishing refinancing comes on the first day that The Times has been available nationally at a price of 30p – a reduction of 15p. Preliminary reports suggest that The Times may have increased sales by 15 per cent to 20 per cent.

Boom for uniforms

THE END of the cold war and cuts in the armed forces have been bad news for most defence companies, but some have found ways of cashing in on the changes.

Toye, Kenning & Spencer, a long-established manufacturer of uniforms and insignia, is busy making items for the merged regiments of the slimmed-down British army.

It is seeking to exploit markets in eastern Europe, until recently a no-go area for British military suppliers. It has already sold a uniform package deal to Mozambique, which has changed its military ranking system from the Soviet to the British style.

Delays alarm defence groups

By David White, Defence Correspondent

DELAYS IN the placing of Ministry of Defence equipment contracts are causing increasing discomfort among arms manufacturers.

Disappointment about the lack of significant new British purchase announcements was apparent at yesterday's opening of the Royal Navy and British Army Equipment Exhibition in Aldershot, to the south-west of London. The exhibition is organised as a shop window for UK weaponry.

Companies are worried that overdue contracts may now have to await the government's autumn review of public expenditure, which could bring further pressure on the British defence budget.

Several deals which had been expected before or during the Aldershot exhibition have been held up. They include a deal with Vickers worth up to £500m, either for a second large batch of Challenger 2 tanks or for updating current Challenger 1 tanks; purchase of between nine and 15 British Aerospace Sea Harrier jets to replace aircraft lost in accidents; follow-on orders for Rapier and Sea Wolf missiles, also from BAe; and five-year contracts for supplies of ammunition, principally from BAe's Royal Ordnance subsidiary.

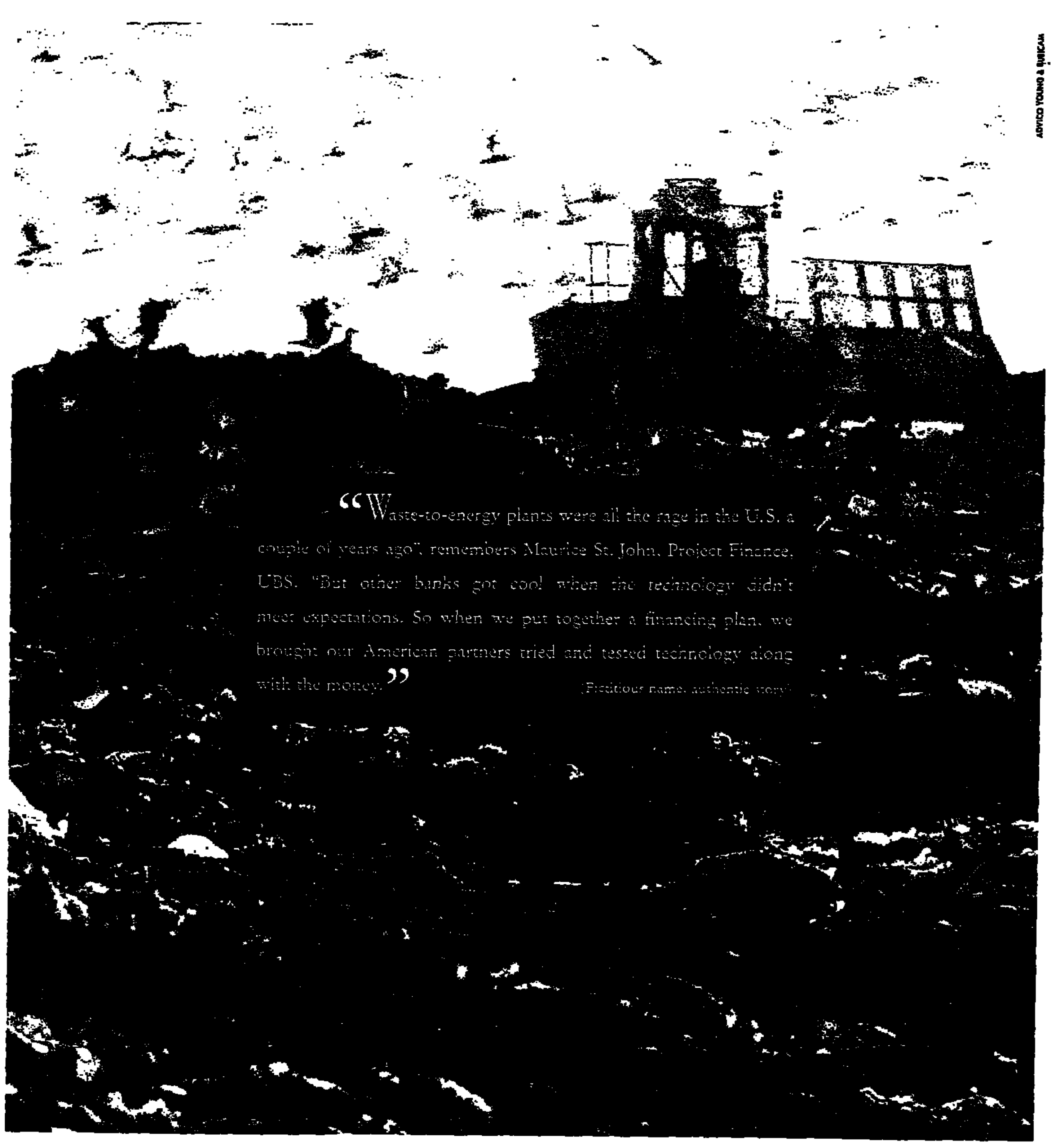
In addition, the Vosper Thornycroft shipyard is waiting for the government to invite tenders for up to seven more Sandown class minehunters, of which it has built five. The invitation was originally promised by the end of July.

But Mr Jonathan Aitken, defence procurement minister, said at the exhibition yesterday: "This is not an occasion for announcing orders."

Mr Mike Evans, a director of the Defence Manufacturers' Association, said delays posed the greatest problems for small companies which depended on sub-contracts.

One deal which did materialise yesterday was a contract for Ferranti International to supply the command control system for the Royal Navy's £170m new helicopter carrier. The contract, won against strong competition, was awarded by VSEL, which is due to build the carrier with the Scottish commercial shipyard Kvaerner Govan.

The deal, for an undisclosed sum, is a breakthrough for Ferranti, which in the late 1980s was ousted from a near-monopoly in command systems for the navy.



Not banking as usual. Union Bank of Switzerland

NEW YORK. LONDON. PARIS. FRANKFURT. ZURICH. GENEVA. SINGAPORE. HONG KONG. TOKYO: LUXEMBOURG. MADRID. MONTE CARLO. MILAN. MOSCOW

Tropical hardwood trees are more valuable to loggers than other trees in the rainforest.

High prices for hardwoods ensure that loggers have no qualms about destroying other trees that stand in their way.

So a WWF project in Costa Rica is researching ways of felling a tree without bringing down several others around it. And how to remove it without bulldozing a path through the surrounding trees.

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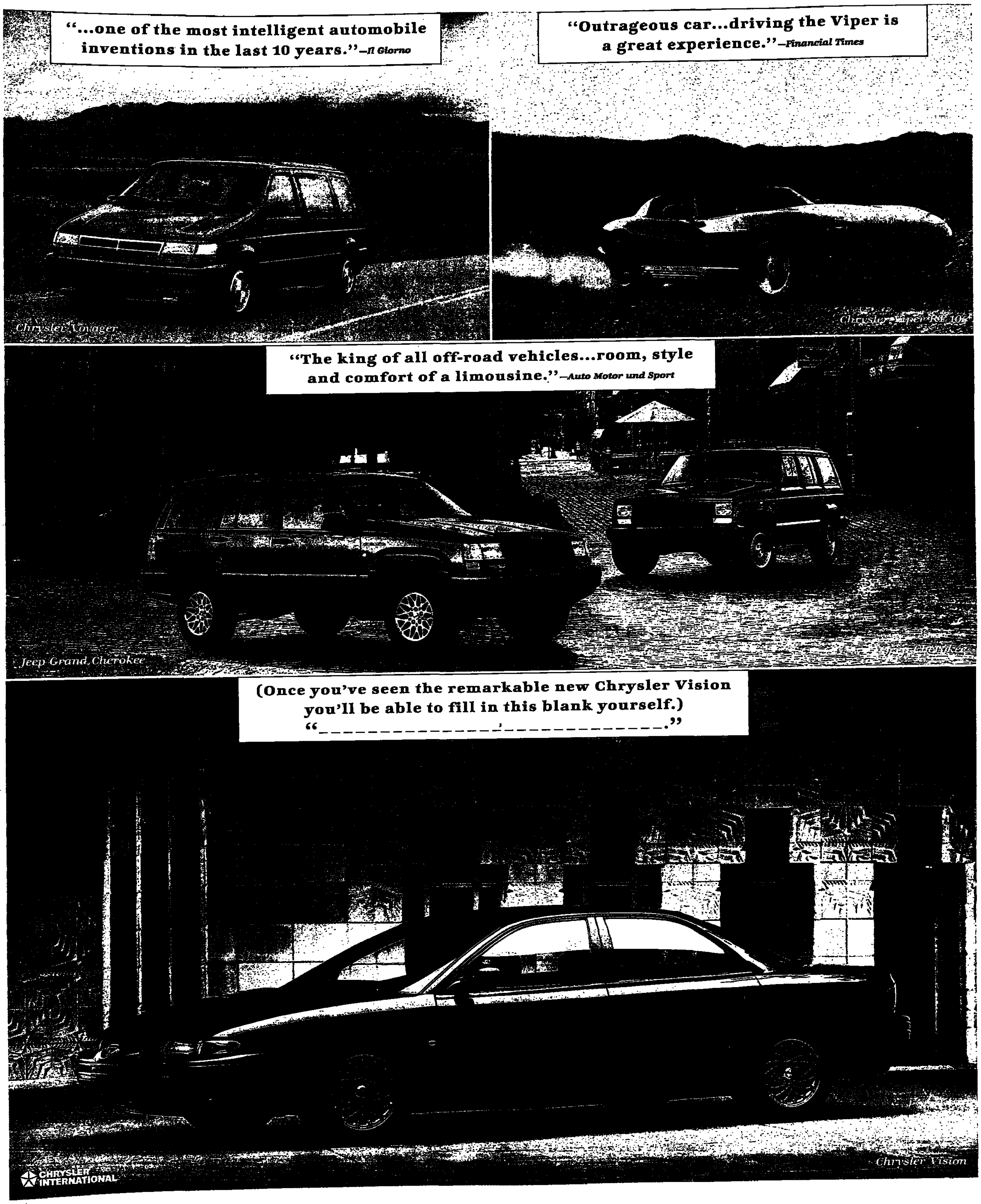

If you'd like some professional examples to guide you, they do exist. *Le Figaro* says that the Vision is "a 'tour de force' from Chrysler's designers." *Auto Bild* simply calls it "one of the best cars in the world."

Their enthusiasm is understandable. With its new cab forward design, the Vision combines the nimbleness of a sports sedan, the roominess of a touring car and the safety of driver and front passenger air bags. We think that the Vision is the perfect addition to Chrysler's family of distinctive vehicles. And clearly, we're not the only ones who think so.

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BUSINESS AND THE LAW

Jury is out over a mass of minutiae

Diane Summers on calls to reform the over-complicated and over-stretched industrial tribunal system

What did 140,000 UK policemen do recently when they spotted a potential pensions loophole in an opinion from the Advocate General of the European Court of Justice?

The answer is they turned to the UK industrial tribunals – each and every one of them filed a separate sex discrimination claim. Firemen, air traffic controllers and some bank workers piled in, too, with the result that the already over-stretched tribunals acquired the equivalent of more than two years' work almost overnight.

The policemen are watching the Coloroll group of cases on which judgment in the ECJ is expected soon. The cases follow an earlier judgment on sex equality in occupational pensions and the court is being asked to decide whether employers may pay higher lump sum pensions to women because they live longer than men. The advocate general has suggested that men with complaints in train when the judgment is delivered could qualify for extra benefits – hence, on Police Federation advice, the flurry of complaints to tribunals.

These recent mass claims, springing from machinations in Luxembourg, provide an extreme example of how far industrial tribunals have departed from their original function.

When the first tribunals were set up 30 years ago in the UK, they had a simple job: to hear employers' complaints about the training levy then in operation.

Since then, a stream of changes to the law has widened the jurisdiction of tribunals, making them virtually local labour courts dealing with most employment matters. This domestic jurisdiction has been overlaid recently by rulings from Brussels and Luxembourg.

As the scope of industrial tribunals has widened, criticism of them has mounted. Allegations by users – employers as well as employees – of delays in cases being heard and excessive legalism are prompting demands for an overhaul of the system.

Mr David Cockburn, a partner with Pattinson & Brewer, a law firm which often acts for trade unions, has experience of how complex proceedings may now be.

He represented a group of sacked Tilbury dockers in the longest-ever tribunal case. After 205 days of hearings between 1989 and 1992, 447 pages of written decision, and a further 13 days in the Employment Appeal Tribunal, the case is awaiting a Court of Appeal decision. Costs so far total about £3m.

The dockers' case presents a very different picture from the "simple palm-tree justice" tribunals were expected to dispense, says Mr Cockburn. "Tribunals were even staffed in the beginning by old colonial judges. The intention was they would be speedy, informal and cheap, determining reasonableness in accordance with common sense criteria, rather than the interpretation of legislation or precedent."

But, according to critics, those early aims, set out in 1968, are not being met. Mr Peter Martin, head of legal affairs at the Engineering Employers' Federation says that most employers consider tribunals to be a "good thing but they're disappointed in the way they're operating now".

The Confederation of British Industry echoes this view.

With the relative decline of trade union power and the break-up of national bargaining between employers and unions, the entire industrial relations setting has changed so much that there should be a rethink, says Mr Cockburn.

"Tribunals grew up at a time when the law largely kept out of industrial relations and grievances were dealt with around the bargaining table. Now many employees look to the law as the way of solving employment-related problems," he says.

The most common complaint against tribunals is that there are excessive delays in cases being heard. In England and Wales, half of cases have to wait over six months before being dealt with; Scotland appears to be more efficient, with only 20 per cent of cases having to wait that long.

Critics claim backlogs reached ridiculous proportions after tribunals ran out of money in mid-1990. The use of part-time chairmen for hearings was suspended to make savings, resulting in a temporary 40 per cent fall in the number of hearings.

Since then, tribunals in England and Wales have had a new president, Judge Timothy Lawrence, who says the problem of delays is being tackled by increased funding and the recruitment of more chairmen. But he points to difficulties caused by an "enormous and unprecedented increase in work" for the tribunals in recent years.

In 1990-91, there were about 43,000 applications registered with tribunals in the UK; the next year this leapt to almost 67,500; for 1992-93 the figure stands at just under 72,000. It remains to be seen what the policemens' claims will do for this year's total.

Judge Lawrence blames the recession for much of the increase in tribunal cases. Two-thirds of applications recently have concerned allegations of unfair dismissal.

He also believes people have become more aware of their rights and that an increasing number of white-collar workers on higher salaries have been bringing complaints – and their legal representatives – to tribunals.

Delays are not a problem only for applicants, according to the CBI and EEF. Mr Michael O'Connor, head of employment law at the CBI, says managers dislike having cases hanging over them.

Apart from long delays, the next most frequent criticism of tribunals is that they have become legalistic to an absurd degree – the Tilbury dockers' case is an extreme example. The original concept was that applicants should be able to conduct their own cases.

Judge Lawrence accepts that "inevitably and sadly" legalism has increased and attributes this mainly to "outside influences" such as the higher courts, parliament and the EC.

The Equal Opportunities Commission describes current equal pay laws, which are among the most difficult for tribunals to interpret, as "grotesquely complex". Mr Alan Lakin, senior legal adviser, has described the laws as "paradise for lawyers but hell for women".

It is small wonder, says Mr Cockburn, that when applicants are faced with such complexities they feel the need for legal representation. While most applicants still survive without lawyers, "there is no doubt the difficult cases are getting more difficult", adds Mr Cockburn.

Long delays and increasing legalism can also be attributed to the almost haphazard growth in tribunals' jurisdiction. The latest piece of labour legislation, the Trade Union Reform and Employment Rights Act, increases the tribunals' workload still further. It extends employment protection measures and makes tribunals responsible for sorting out some grievances against trade unions.

Says Mr Martin: "Tribunals have grown up piecemeal. I don't think anybody has stood back and looked at the whole system until recently, when things have started to get bogged down. The whole thing has grown up in a very English, pragmatic way."

The Engineering Employers' Federation is now calling for the government to review the entire workings of tribunals. There would be no shortage of suggestions to such a review from lawyers, pressure groups and academics. Mr Martin, for example, would like to see binding settlements more easily reached, without the need to go to a tribunal in the first place. He would also advocate a move to replace the "forest of case law" with updated codes of practice on issues such as dismissal on the grounds of ill-health.

A move away from the adversarial and towards a more inquisitorial approach, with a greater use of written statements, is also frequently mentioned by would-be reformers as a way of getting more quickly to the heart of disputes.

The latest suggestion for reform has come from Roy Lewis and Jon Clark, respectively professors of law and industrial relations at the University of Southampton. In a pamphlet published by the Institute of Employment Rights, which is being launched this week at the TUC congress in Brighton, they argue that arbitration could provide a voluntary alternative to the tribunal route*.

In the first detailed exposition of how such a scheme might work, they say that "alternative dispute resolution" has become a fashionable topic in areas as diverse as matrimonial and commercial disputes. In employment matters, they argue, the opposite seems to be happening.

The two, who are themselves on the panel of arbitrators for the Advisory, Conciliation and Arbitration Service, see arbitration as potentially a fairer, cheaper and more accessible method of parties settling their differences. The increased use of arbitration would also help to alleviate the current overloading in the tribunals, they argue.

The most radical suggestion of all would be to abolish tribunals completely, on the grounds that they have outlived their usefulness, have become terminally bogged-down in legalism and overlap confusingly with other courts.

Numerous though critics of tribunals are, the suggestion of complete abolition is usually met with horror. The consensus is that virtually every flaw in the tribunals is magnified in other jurisdictions.

As one Acas official put it, adapting Winston Churchill's verdict on democracy: "It's the worst system apart from all the others." The way forward is clearly reform.

**Employment Rights, Industrial Tribunals and Arbitration: the case for alternative dispute resolution by Roy Lewis and Jon Clark. Institute of Employment Rights, 112 Greyhound Lane, London SW16 5RN. £20 (£5 to affiliates)*

Top 10 UK law firms ranked by profits per partner 1992-93

Firm	Profits per partner	Gross fees, £m
1 Allen & Overy	£377,000	117
2 Slaughter and May	£333,000	112
3 Linklaters & Paines	£322,000	154
4 Freshfields	£302,000	124
5 Ashurst Morris Crisp	£284,000	47
6 Macfarlanes	£268,000	26
7 Lovell White Durrant	£260,000	115
8 Clifford Chance	£256,000	210
9 Herbert Smith	£249,000	78
10 Davies Arnold Cooper	£237,000	26

The table gives a figure for the average net profit generated per equity partner within a firm. Average profits per partner are not the same as take-home pay. Source: Legal Business, September 1993

Robert Rice on a survey of last year's profits at the top 100 firms

Allen & Overy 'most profitable in UK'

The UK's top 100 law firms billed £2.7bn in fees in the 1992-93 financial year and achieved average profits per partner of £176,000, according to an annual survey of law firm earnings by Legal Business magazine, published tomorrow.

Allen & Overy, the City solicitors, emerged as the most profitable UK firm, with profits per partner of £377,000 on a turnover of £117m. It jumped ahead of Slaughter and May and Linklaters & Paines, which finished first and second in 1991-92 with profits per partner of £377,000 and £349,000 respectively.

'The typical law firm partner is starting to earn the same kind of money as his/her clients. That's good news for clients'

In 1992-93 Slaughter achieved profits per partner of £333,000 on a slightly reduced turnover (down from £113m to £112m), and Linklaters had profits per partner of £322,000 on an increased turnover of £154m (up from £144m).

Overall, the 100 law firms covered by the survey earned combined profits of £690m. Although these are impressive figures for a period of recession, the magazine says there are clear signs from the generally lower levels of gross fees that the business of law is no longer a growth industry, but one where firms are fighting for shares of a decreasing pie.

Ms Karen Dillon, editor of Legal Business, says that 1992-93 was a tough year for law firms, and this year she expects to see mergers, asset-stripping, and partners moving in record numbers.

One notable feature of the last year is that "the typical law firm partner is starting to earn the same kind of money as [rather than more than] his/her clients. That's good news for clients," she says.

Another feature of 1992-93 was the rise of regional law firms. Dibb Lupton Broomhead, the Leeds-based solicitors, is ranked 17th in the UK by turnover, with gross fees of £36.7m and profits per partner of £200,000.

Five regional law firms, Dibb Lupton, Evershed Phillips & Buck (Cardiff), Pinsent & Co (Birmingham), Simpson Curtis (Leeds) and Hammond Suddards (Leeds) had profits per partner in excess of £150,000, and 19 had profits per partner of more than £100,000.

A league table of gross fees also confirms the widening gap between the top six firms and the rest. Clifford Chance is ranked top with a turnover of £210m followed by Linklaters with £154m, Freshfields £124m, Allen & Overy £117m, Lovell White Durrant £115m and Slaughter £112m. But there is then a large gap to seventh-placed Herbert Smith, which has a turnover of £77.8m.

The magazine comments that last year's financial results indicate that medium-sized firms suffered the most. It is among these firms that the mass defections of lawyers, asset-stripping and mergers will take place, it says.

If they do not, they will be facing what Alan Hodgart of Hodgart Temporal, the management consultancy, calls the "gentle decline" into oblivion, it concludes.

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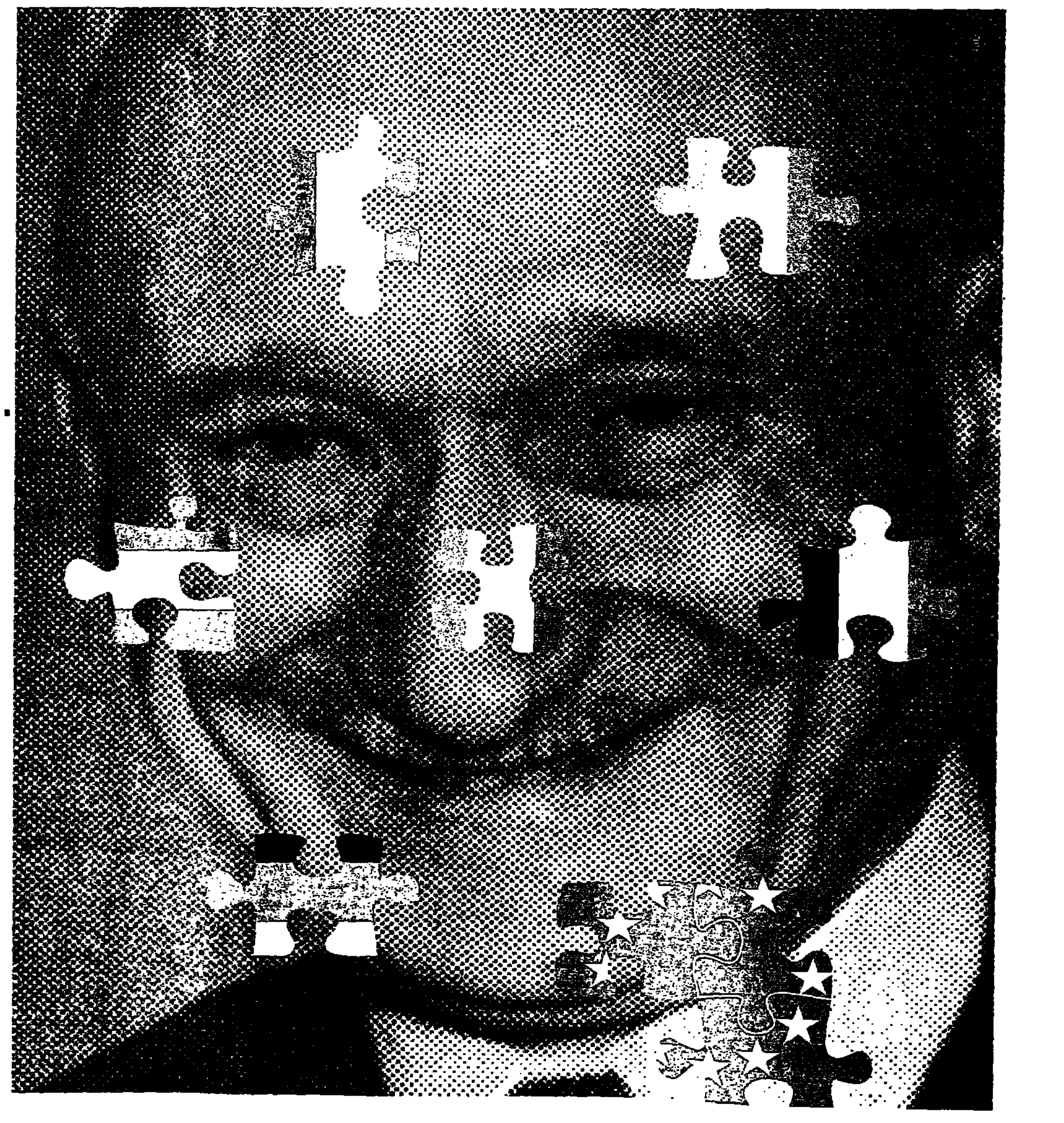

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For further information please contact: Siemens Nixdorf, RDZ 11 / ES 6E, Würzburger Straße 121, D-90744 Fürth

MANAGEMENT: THE GROWING BUSINESS

Taxing time for Germany

The value added tax regime introduced at the launch of the single European market on January 1 is causing problems for German business. This is the conclusion of a survey* by the German industry association, the Bundesverband der Deutschen Industrie.

The survey found that the tax regime has placed a considerable burden in terms of cost and bureaucracy on German business. Its findings back up complaints made by British companies and business organisations.

The new tax regime has imposed additional costs on business equivalent to 0.3 per cent of the value of intra-EC trade, the survey calculates. This has resulted from the need to update computer programmes, train staff in the complexities of the tax system, collate trade data and employ additional administrative staff.

The single market VAT system has transferred responsibility for reporting VAT liability and the collection of trade data from customs posts to businesses. The EC still hopes to introduce a simplified system, taxing all intra-EC shipments in the country of origin, in January 1997.

In the meantime, the transitional system has led to a marked complication of trade activities, the German industry association says. Companies must maintain three separate systems for dealing with VAT, for domestic sales, for intra-EC sales, and for sales to customers outside the EC.

Businesses handling large volumes of deliveries frequently have difficulty identifying invoices from suppliers within the EC on which no VAT has been paid. Discrepancies between the data required for tax and for trade statistics purposes impose an additional burden.

German businesses have also had problems confirming customers' VAT registration numbers from the tax authorities. This puts them at a disadvantage compared with their French counterparts, which can call up numbers on the Minitel database.

CB

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Enterprise agencies are grappling with developments in the business support sector. Charles Batchelor reports

Challenging the agency culture

David Irwin and his team helped 136 people start up in business last year. They helped an even larger number decide they were perhaps not suited to going it alone.

Irwin's offices are in an area of Newcastle upon Tyne reminiscent of the region's industrial past. But Project North East, the enterprise agency he heads, is aiming for an even brighter future for the region and has already made a considerable contribution.

Project North East runs counselling and training sessions for would-be entrepreneurs as well as helping the owners of established businesses improve their management skills. It helps growing businesses raise finance and runs schemes to boost their exports.

The organisation is just one of more than 300 enterprise agencies throughout the UK.

The agencies, which started in St Helens, Merseyside, in 1978 – though London also claims a founding role – became important contributors to the rebirth of Britain's enterprise culture in the 1980s. They were set up as a private-sector initiative working alongside public-sector organisations, to revitalise local business communities.

Last year more than 6,000 companies contributed about £17m in cash and kind, often by seconding staff, to the agencies' finances.

Their initial focus was on helping people who wanted to start up their own business, though many have since diversified into a broader range of business support.

Present high levels of unemployment have, however, emphasised their relevance to particular services such as job creation. "Creating jobs and growth is right back on the agenda," says Brian Wright, chief executive of the London Enterprise Agency.

The agencies have remained a remarkably stable element in the small business support network, in spite of many changes in this area. They have not been untouched by the new developments, the most challenging so far being the creation of a nationwide network of one-stop business advice shops, now renamed "business links".

The one-stop shops are a government initiative to bring together local providers of business support – chambers of commerce, local authority economic development units, Training and Enterprise Councils (TECs) and the agencies – to provide more effective services.

The creation of the business link network is just one of a number of challenges to the agencies' existing form. Other developments are:

- A decision by Business in the Community (BitC), which co-ordinates community programmes for its corporate members, to give up its role of umbrella organisation for the agencies.
- The growing role of the Training and Enterprise Councils in channelling government funds into enterprise development.
- A revitalised chamber of commerce movement which is attempting to bring the level of service it provides up to the level of its publicly financed continental counterparts.

BitC's decision to end its special relationship with the enterprise agencies came at a time when they were grappling with the effects of some of the other changes in the small business support sector. BitC had acted as a lobbyist for the agencies and encouraged them to increase their professionalism.

Its departure from this role has been followed by several months of rivalry as agencies in the east Midlands attempted to forge a national organisation called the Association of Local Enterprise Agencies. But the association failed to win sufficient backing and a national network is now being formed under the National Federation of Enterprise Agencies banner.

John Guest, a senior executive for Cadbury Schweppes, has been seconded to the federation as chief executive. He says the strength of the organisation is that it will be "owned" by the agencies in a way that BitC never was.

The federation will provide a national voice for the agencies and give encouragement in areas such as quality management.

Guest envisages the federation's ambit going beyond that of simply acting as a trade association for the agencies. He says it should also set out to influence those government policies directed at helping small firms.

With the national organisation now in place the agencies should be well placed to address the more fundamental challenges to their role. These centre on their relationships with the TECs, the one-stop shops and the pattern of corporate funding.

Some in the business support field fear that the creation of a one-stop shop network threatens their individual identity and therefore attractiveness to corporate sponsors. Wright says that in many parts of Britain the perception of the agencies as a partnership between the private and public sectors has already been eroded.

Bridging the enterprise gap: David Irwin, head of Project North East in Newcastle

Public-sector finance channelled through the TECs has come to play a growing role in the agencies' financing. At the same time large companies face increasing demands on their resources to fund community projects.

Guest recognises the potential problem of "sponsor fatigue" but believes it can be overcome through improved marketing by the agencies to their private-sector backers.

The TECs, Guest says, account for 50 per cent of the agencies' budgets, most of it in the form of payments for training and counselling contracts.

Corporate sponsors account for just 20 per cent, but they still provide half of the agencies' "core funding" to meet overheads and administrative costs.

Irwin reckons Project North East received about 13 per cent of its 1993 revenues of £1.2m from corporate backers, 26 per cent from the UK public sector, 12 per cent from European funds and 49 per cent from fees and other earned income. "You must handle your sponsors correctly but provided they still get recognition for what they do there should be no reason for them to stop funding you," he says.

Irwin says, however, that it is important for the government to continue to pump money into the small-business sector through programmes such as the Enterprise Initiative, which subsidises consultancy help.

Project North East and the other agencies charge their established company clients for services where possible but are still committed to providing a free service to the start-up business.

Many involved in enterprise agencies see the maintainance of their individual identity as central to their ability to continue to raise private-sector finance. In theory they have a strong hand. The agencies have unrivalled experience in helping start-ups and advising small established businesses.

The chambers of commerce role, in contrast, has always veered more towards providing information and assistance in fields such as exports. And while many TECs have expanded into providing training and advice they are, in comparison to agencies, only recent arrivals.

"Our unique contribution is our experience operating a business advice service for six years," comments Bryce Staniland, finance director at DonBAC, the Doncaster enterprise agency, shortly to join the local one-stop shop.

Despite the agencies' tradition of providing hands-on help to small firms the picture is inevitably becoming blurred as some become absorbed in the local TEC or merge with chambers. There is already evidence of the belief that agency numbers will decrease over the next few years, leaving only those which have a broad financial and operating base.

Irwin estimates that 50 agencies at most will be strong enough to survive. Guest says the agencies' federation represents 100 of the 250 agencies in England and the regional associations are signing up new members all the time. He hopes that the regional associations will form networks so that the larger agencies support the smaller ones.

But he acknowledges the agency movement will not be served by maintaining weak agencies which cannot offer a good level of service.

David Grayson, managing director of BitC's business strategy group, contends that the one-stop shops are the natural successors of the agency movement of the 1980s. The agencies face considerable change but should not feel threatened, he says.

Agency directors and the small business community will be hoping that he is right. At the same time many in the community must be concerned that one of the most successful sectors of small business support faces such an upheaval.

In a Nutshell

UK loan scheme basks in popularity

Changes to the UK government's loan guarantee scheme have led to a sharp increase in the number of loans granted and a strong demand for loans at the highest permitted level of £250,000.

There was a near three-fold increase in the value of loans granted to £21.7m in July and August compared with the same period of 1992 while the number of loans rose by 18 per cent to 430. Nine of the loans were for the maximum amount of £250,000 (the new top rate for established businesses) while a further 37 were for loans of between £100,000 (the previous maximum) and £250,000.

Apart from increasing the amount which can be lent under the scheme from July 1, the guarantee cover for established businesses was raised from 70 to 85 per cent. The guarantee premiums were also cut.

Paying up when the time is right

New proposals for reducing the problem of late payments have been made in the form of a draft Interest on Payments Bill by the Forum of Private Business.

The forum suggests that suppliers should have a statutory right to collect overdue payments for up to six years from the date of invoice. This statutory right would be conferred if the principal amount but no interest had been paid or, when a customer could not pay the interest alone could be collected until he could.

The proposed legislation has been framed to allow the creditor to choose the best time to collect the interest while minimising the risk of losing business. Interest could be demanded when the supplier ceased to trade with the customer, when it became less important to retain the customer or when the supplier retired or went into liquidation.

Forum, Ruskin Chambers, Drury Lane, Knutsford, Cheshire WA16 6HA. Tel. 0565 634467.

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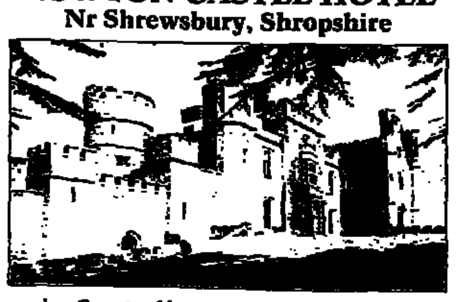

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Tomasz Budziak
Ministry of Privatisation
Capital Privatisation Department
Krucza 36/Wspolna 36 Street
00-525 Warsaw
room: 472

tel/fax: (48-22) 625-25-58

A memorandum containing basic information about the Company is available at the Ministry of Privatisation. Interested parties will be sent a confidentiality letter for execution as a condition precedent to their receipt of the memorandum. Replies should be sent before 24th September 1993. The Ministry of Privatisation reserves the right to extend the invitation to negotiation and to suspend negotiations without stating any reasons.

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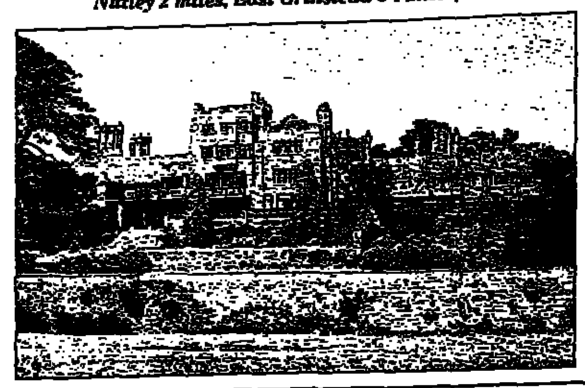

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TECHNOLOGY

New drugs to treat schizophrenia are finally becoming available, says **Victoria Griffith**

A renaissance in treatment

A few years ago, tales of a miraculous new drug on the market to treat schizophrenia began to make their way around hospitals and psychiatrists' offices in Europe and the US. The stories told of patients debilitated by mental illness, sinking desperately into hallucinations and paranoia, then suddenly rehabilitated and living a normal life.

The success of the drug, clozapine, which was launched by Sandoz of Switzerland in the US in 1989, awakened a long-dormant interest in developing treatments for schizophrenia.

Encouraged by the clozapine experience, pharmaceutical groups are now producing a new generation of drugs to alleviate schizophrenia.

Among the most promising are risperidone and bromoperidol, both manufactured by Janssen, a Belgian subsidiary of Johnson & Johnson, and remoxipride, made by Astra in Sweden. The UK pharmaceutical group Zeneca is expected to launch a competing treatment by late 1995 and Merck of the US and Kabi of Sweden are also developing candidates.

Schizophrenia, a serious mental illness involving hallucinations and paranoia, and in rare cases "split personality" syndrome, is a relatively common disease, affecting about 1 per cent of the population. It usually appears in late adolescence, when the frontal lobes of the brain are developing rapidly, and its impact is devastating. If untreated, the afflicted lose touch with reality and often drift into extreme poverty. Nearly one-third of the homeless population in the US is thought to suffer from the disease.

The drug market for schizophrenia is already substantial, with total annual sales amounting to about $1.5bn (£1bn), according to Ian Smith,, a pharmaceuticals analyst with Lehman Brothers International in London.

It is also one of the faster-growing areas in the industry, with sales expanding at a rate of about 9 per cent a year. Moreover, with the large number of new drugs for schizophrenia coming on to the market, these numbers could balloon.

"We are finally starting to see a wide range of drugs developed for schizophrenia," says Peter Tooley, head of medical affairs for Janssen in the UK. "After 30 to 40 years of studying the disease, we're starting to get a handle on the disease."

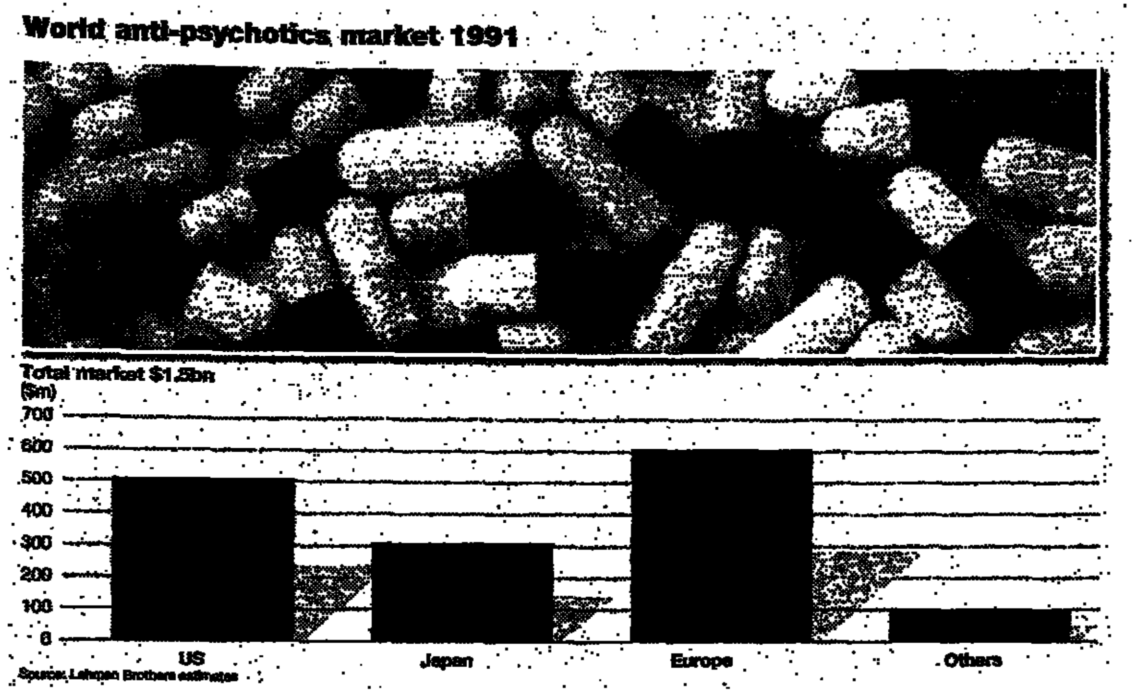
Schizophrenia, which has long been a mystery to scientists, is now known to involve errant chemical messages making their way through the brain. "Dopamine receptors" are thought to play an important role in this mental game of telephone, and almost all schizophrenic drugs on the market – referred to as neuroleptics – inhibit different classifications of these receptors.

Prior to the current generation of neuroleptics, the development of schizophrenic treatments depended more on luck than science. The first drug used in treating schizophrenia, thorozine, was discovered by accident.

A doctor in Vietnam noticed that the compound, used at that point as a sedative, was effective in ridding patients of hallucinations. Psychiatrists began to use the product to treat schizophrenia and similar drugs were soon widely available.

Support for neuroleptics as the primary treatment for schizophrenia has been growing ever since, and is now embraced by the majority of psychiatrists.

Despite the growing faith in drugs to alleviate mental disease, the market for schizophrenia drugs is just emerging from a dry spell which spanned nearly 30 years.



"After the first drug came out, all we saw were variations on that treatment," says John Kane, chairman of psychiatry at the Long Island Jewish Medical Centre, New York. "That's why it's so exciting now to see a renaissance in drugs for the disease."

Doctors are particularly anxious for alternatives because past treatments have been far from perfect.

Drugs introduced prior to clozapine were extremely effective in controlling the hallucinations and paranoia, but they left patients depressed, apathetic and socially inept.

They had no effect at all on large numbers of schizophrenic patients and provoked disturbing side-effects: a clumsy gait, compulsive foot tapping and an irreversible neurological syndrome, "tardive dyskinesia", characterised by twitching of the facial muscles and tongue.

When it hit the market, clozapine was unique in that it did not cause muscle spasms. It was also effective for many patients who had failed to respond to traditional treatments. "For many of my patients, clozapine has seemed like a miracle," says Robert McDivitt, trustee of the American Psychiatric Association.

Clozapine has its own problems, though. Its effectiveness in treating schizophrenia had been documented 20 years before its 1989 launch, but was withdrawn from the market due to a risky, though rare side-effect: agranulocytosis, a white blood cell deficiency.

Agranulocytosis can often prove fatal. However, the drug was finally approved for market because so few patients taking the drug – around 1 per cent – develop the affliction, and because the risk of the disease can be greatly reduced through regular blood tests. The drug's approval also reflected the desperate circumstances of many schizophrenic patients.

Clozapine has not been completely effective in improving patients' social skills.

"Clozapine is a dirty drug, by which I mean that it affects a number of different dopamine receptors," says Peter Jager, international product manager for the drug. "The new generation of drugs will be addressing specific receptors, and will therefore be much cleaner."

Neuroleptics such as risperidone have generated a great deal of interest because they seem to deal with the sociability of the patient as well as the more serious problem of hallucinations. The drug can cause muscle spasms, although the problem is much less severe than with traditional treatments.

The medical community is waiting anxiously to acquire the new drugs, several of which have been approved in Europe but not in the US.

"I have one patient who is just hanging on until she can get risperidone," says Jerome Rogoff, a professor at Harvard Medical School and assistant chief of psychiatry at the Faulkner Hospital in Boston. "It may make a difference."

Despite progress in research on schizophrenia, a great deal of mystery still shrouds the disease. "No one knows, for instance, why the drugs have an impact on the receptor cells within hours, but no effect on the patient for weeks," says Donald Klein, a professor of psychology at Columbia University. "It may be that the receptors are just the first domino in the chain, and once the other dominoes are understood, that would pave the way for new drugs."

It is also unclear why neuroleptics now on the market are effective in treating some patients and not others. Some scientists believe it is a question of narrowing the search down to a single, specific receptor. Others believe schizophrenia is not a single disease, but a group of diseases, which require distinct drug treatments.

Even if researchers come up with a perfect drug, doctors say it will not eradicate the disease. Patients usually suffer a relapse if they stop taking medication. "Patients with no mental illness will stop taking their pills once they feel well," said Rogoff.

"With schizophrenic patients this is an even greater risk. I have some patients who refuse even to try certain drugs because they say a voice has told them it's poisonous."

Still, the wider choice of drugs on the market will be a boon, not only to schizophrenic sufferers, but to researchers as well. "With the new treatments, we will be able to monitor the side-effects, and improvements in patients' condition, and get a better understanding of the role of the dopamine receptors," says Jager. "The key has not yet been found, but we are coming closer every year."

Technically Speaking

A kick-start for multimedia

By Jonathan Taylor

EVERYONE is talking about multimedia. Rapid growth has been predicted for this combination of text, sound and pictures. A number of the factors necessary to make this growth happen are finally falling into place.

In the personal computer world, many manufacturers are now building their hardware with CD-Rom drives built in (CD-Rom being the main delivery system for multimedia products). Also, the drives have tumbled in price and CDs are cheap to produce.

However, if we are to see a real explosion in the market, with the multimedia CD realising its potential and becoming common in homes and businesses, a big obstacle needs to be overcome – the cost of creation.

Up to now, principally text-based CD-Rom products have been developed and marketed by publishing houses whose principal copyright asset is text. The moment a book publisher strays from its traditional copyright base and enters the world of multimedia, creative costs can be crippling. Yet multimedia is exactly the area publishers need to be in to service the information market of the next century.

The importance of reducing the cost of materials in a multimedia CD-Rom product is considerable. Imagine all the elements which go to make up a 20-volume encyclopedia – then at least double this to take account of the fact that multimedia also uses sound, animation and film.

To give an idea of scale, some interactive CD products contain thousands of colour photographs and text documents. If these are sourced at the rates charged by photographic agencies for book products, the cost of the images alone would be more than £250,000. A few more overheads of that magnitude, and the whole business becomes impossible.

Consequently, some hardware and software manufacturers have poured huge subsidies into multimedia titles in a bid to ease the transition to commercial reality. However, with the spectrum of multimedia resources in the hands of so many disparate copyright holders, publishers and software developers do not see such a simplistic approach working.

There is another related problem: the "price-perception" of a CD as opposed to that of a book. The public's idea of what a CD should cost is influenced by the lower price of music CDs. People are willing to pay hundreds of pounds for a set of printed volumes, but it is difficult to sell a CD to the home market above, say, £200, however much information has been squeezed on to it.

This is a depressing realisation for the multimedia author, especially when you consider how much can be fitted on the disc (the complete works of Shakespeare take up only 5 per cent of a CD's storage capacity).

Should budding multimedia authors simply throw up their hands in despair? Not at all.

Since publishers have a huge advantage in owning copyright on text and other book-related materials, many may think they can corner the market by jealously guarding their perceived advantage. They would be deluding themselves. Multimedia is a co-operative affair.

The computing industry thrives on the enthusiasm and drive of small developers and authors. It is in the interests of publishers to share their copyright materials with resource holders in other industries, whether music, film or animation. This would make available, at reasonable cost, the single most expensive creative overhead.

The best way of imagining how such a development would work is in terms of a resource centre. Authors or authoring organisations would become subscribers, their fee purchasing a particular level of usage, including republication of materials selected. The idea is to kick-start the development of the multimedia industry. It provides obvious cost advantages to authors which, in a competitive market, will inevitably be passed on to the purchaser.

The author is chief executive of Andromeda Interactive based in Abingdon, Oxfordshire.

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Execution no. 45/88 versus EDISAC Immobiliare Srl.
On 11th November 1993 at 11.30 a.m. the auction sale of the building described herewith will take place:
Tourist complex in Villasimius, Capo Boi, consisting of 40 accomodation units with various appurtenances, registered at the Land Registry Office under F 19 maps 33, 35, 10, 32/B, 69/S, 69/L, 691/8.
Base price: Lit. 3,500,000,000
Minimum progressive bid: Lit. 500,000,000
Deposit and fees: 30% of base price to the Court's office by 8th November 1993, at 1:00 p.m.
Residual amount to be paid within 30 days from adjudication in compliance with the Consolidation Act regulations on mortgage credit.
DIRECTOR'S COURT
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Execution no. 71/89 versus SUIZO SARDA Spa with main office in Cagliari.
On 11th November 1993 at 11:30 a.m. the auction sale of the building described herewith will take place:
Hotel complex named Hotel Capo Boi in Villasimius, Capo Boi, registered at the Land Registry Office under F 19 maps 31/a, 32/a, 34, 50, 51, 68/a, 691/2 and 101; subject to amnesty charges.
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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:
OLYMPIA & YORK WATER STREET FINANCE CORP., and
O & Y WATER STREET CREDIT CORP., Debtors.

Case No. 93 B 42409 (JLG)
(Jointly Administered)
(Chapter 11)

NOTICE OF HEARING TO CONSIDER MODIFICATION OF JOINT PLAN TO INCORPORATE SETTLEMENT OF CLAIMS AGAINST SALOMON BROTHERS INC. ET AL.

NOTICE IS HEREBY GIVEN as follows:

1. A hearing to consider a Motion for entry of an Order determining that certain proposed modifications to the First Amended Joint Plan of Reorganization (the "Joint Plan") of Olympia & York Water Street Finance Corp. and O & Y Water Street Credit Corp. (the "Debtors") do not adversely change the treatment of any creditor or Interest Holder pursuant to Section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 (the "Motion") will be held on September 14, 1993 at 10:00 a.m. before the Honorable James L. Garrity, Jr. in Room 610 of the United States Bankruptcy Court, One Bowling Green, New York, New York 10004-1408 (the "Bankruptcy Court"). Objections to the Motion must be in writing, must conform to the Federal Rules of Bankruptcy Procedure and Local Rules of the Bankruptcy Court, must set forth the name of the objectant and the nature of the objection, and must be filed with the Clerk of the Bankruptcy Court at the address specified above, with two copies to chambers, together with proof of service thereof, and served upon the following counsel so as to be received on or before September 10, 1993 at 5:00 p.m. Eastern Standard Time:

(1) WEIL, GOTSHAL & MANGES, Attorneys for the Debtors in Possession, 767 Fifth Avenue, New York, New York 10153, Attn: Corinne Ball, Esq.
(2) ANDERSON KILL OLICK & OSHINSKY, P.C., Attorneys for the Official Creditors' Committee, 666 Third Avenue, New York, New York 10017, Attn: Duncan N. Darrow, Esq.
(3) MARCUS MONTGOMERY WOLFSON & BURTEN, Attorneys for the Indenture Trustee, 53 Wall Street, New York, New York 10005, Attn: Peter Wolfson, Esq.
(4) WACHTELL, LIPTON, ROSEN & KATZ, Attorneys for Salomon et al., 299 Park Avenue, New York, New York 10171, Attn: Harold Novikoff, Esq.
(5) OFFICE OF THE UNITED STATES TRUSTEE, 80 Broad Street, 3rd Floor, New York, New York 10004, Attn: Arthur Gonzalez, Esq.

UNLESS AN OBJECTION IS TIMELY SERVED AND FILED IN ACCORDANCE WITH THIS NOTICE, SUCH OBJECTION WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

2. The purpose of the proposed modifications is to provide for the settlement of potential Water Street Claims (as hereinafter defined) against Salomon Brothers Inc and certain related parties ("Salomon"), as set forth in the Joint Plan, as modified.

3. The Water Street Claims include, among other things, claims which may be asserted against Salomon by the holders of the 88% Secured Coupon Notes due June 30, 1998 (the "Coupon Notes") and the Secured Zero Coupon Notes due June 30, 1996 (the "Zero Notes") with respect to the Note Offering (as defined in the Joint Plan) arising from, among other things without limitation, the alleged nondisclosure of the existence of asbestos at the building located at 55 Water Street, New York, New York. The Water Street Claims are fully described in the Joint Plan. Both the Motion and the Joint Plan, as modified, are on file with the Clerk of the Bankruptcy Court, One Bowling Green, New York, New York 10004-1408, and may be reviewed on business days from 9:30 a.m. to 4:00 p.m.

4. The settlement provides, in substance, as follows:

(A) Salomon shall pay a sum of $5.5 million to the Disbursing Agent on or before one day prior to the Consummation Date (the "Salomon Settlement Amount");

(B) The Salomon Settlement Amount shall be distributed on a *pro rata* basis, in cash, to all holders of Class 4 Secured Noteholder Claims other than Salomon;

(C) (i) Salomon, Salomon Brothers International Limited, Phibro Brothers, Inc., the managers and members of the underwriting syndicate with respect to the Note Offering, as defined in the Joint Plan, and their respective successors, predecessors, assignors, assignees, parents and subsidiaries; (ii) all current and former officers, directors, trustees, partners, employees, attorneys, accountants, financial advisors, investment bankers, stockholders, affiliates, heirs, receivers, conservators, beneficiaries, executors, administrators, agents and advisors of or to any of the persons identified in clause (i) above, and (iii) any other person who, within the meaning of Rule 12b-2 promulgated under the Securities Exchange Act of 1934, as amended, "controls," is "controlled by" or is under "common control with" any of the Persons identified in clauses (i) or (ii) above (with the exception of Price Waterhouse, Landauer Associates, Inc., Manufacturers Hanover Trust, Merritt & Harris, and all of their respective successors and assigns), shall be protected from all potential Water Street Claims as additional Plan Releasees, shall be afforded the benefits of the injunction provisions of the Joint Plan and shall obtain certain protections against cross-claims; and

(D) *The foregoing settlement is a settlement pursuant to the Joint Plan to which the Bondholders' Escrow Agreement does not apply.*

5. The Plan Proponents will seek to modify the Joint Plan to incorporate and effectuate the foregoing terms of the settlement. The Plan Proponents will also seek minor technical amendments to the Joint Plan, as well as an amendment which provides in substance that, in the event that the Official Committee of Creditors reaches a settlement of any potential Water Street Claims with any other person or entity, all amounts received by the Committee pursuant to such settlement shall be distributed pro rata to all Class 4 Creditors and such settling person or entity shall be protected from all potential Water Street Claims as an additional Plan Releasee and shall be afforded the benefits of the injunction provisions of the Joint Plan.

6. If the Court finds, after the hearing on the Motion, that the foregoing proposed modifications do not adversely change the treatment of the claim of any Creditor who has not accepted the modifications in writing, then the Joint Plan, as modified, shall be deemed accepted by all creditors who have previously voted to accept the Joint Plan.

7. The hearing to consider confirmation of the Joint Plan is presently scheduled to be held on September 14, 1993, immediately following the hearing on the Motion.

Dated: New York, New York
September 1, 1993

BY ORDER OF THE COURT
/s/ James L. Garrity
THE HONORABLE JAMES L. GARRITY
UNITED STATES BANKRUPTCY JUDGE

ANDERSON KILL OLICK & OSHINSKY, P.C.
Attorneys for the Official Committee of Creditors
666 Third Avenue
New York, New York 10017
(212) 850-0700

WEIL, GOTSHAL & MANGES
Attorneys for the Debtors
767 Fifth Avenue
New York, New York 10153
(212) 310-8000

COMPANY NOTICES

GENERAL MOTORS CORPORATION

NOTICE IS HEREBY GIVEN that resulting from the corporation's declaration of a dividend of $0.20(gross) per share of the common stock of the corporation payable on the 10th September 1993 there will become due in respect of the bearer depositary receipts in gross distribution of 1.00 per cent per unit. The depositary will give further notice of the sterling equivalent of the net distribution per unit payable on and after the 15th September 1993. All claims must be accompanied by a completed claim form and USA tax declaration obtainable from the depositary. Claimants other than UK banks and members of the Stock Exchange must lodge their bearer depositary receipts for marking. Postal claims cannot be accepted. The corporation's 2nd quarter 1993 report will be available upon application to the depositary named below -

Barclays Bank PLC
Stock Exchange Services Department
168 Fenchurch Street, London EC3P 3HP

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HEXMERE HOLDINGS LIMITED
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Trade classification: 5029

Date of appointment: 24 August 1993
By whom appointed: National Westminster Bank plc
Date of charge: 19 December 1990
Nature of charge: Mortgage Debenture
N RUDDOCK (office holder no. 06877) of
The Galleria, Station Road, Crawley, West Sussex RH10 1HY and
I JACOB (office holder no. 2121) of
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PEOPLE

From public and private sectors to Avon's lobbying forum

The Western Development Partnership in Avon, a public and private sector lobbying forum, has appointed its first chief executive, Richard Brown. Until May this year he was manager of strategic direction and organisation at the power distribution company National Grid.

The partnership was formed as a company in June to press the case for Avon's economic development. It arose out of a widely-felt belief that the region has suffered from the lack of a unified voice, especially in pressing its case in Whitehall and Brussels. The impact of the recession on the area has been compounded by the contraction of the defence and aerospace industries.

Chris Garcia, a strategic planning consultant, has been drawing up a business plan for the partnership, which has funding of £250,000 for its first year from councils, industry and Avon Tec. Brown's task will be to promote the region and attract inward investment and job creation. The partnership has already been active in co-ordinating bids for European Community regional aid.

Brown's background is in both the public and private sectors. An Oxford graduate now aged 46, his early career was as a civil servant, firstly with the Department of the Environment and then the Department of Trade and Industry. For three years he was head of the North American section of the DTI's Invest in Britain Bureau.

In 1988 he joined Meyer International, the timber supplier, where he was head of corporate development and joint managing director of its German subsidiary, Kloeckner-Meyer.

He joined National Grid in February last year.

■ Stephen Hopewell has been promoted from divisional general manager to joint operations director responsible for the management of PENDRAGON's existing businesses.
■ Andrew Mawby, formerly Auto Refinish director for Asia Pacific based in Japan, has been appointed sales director Northern Europe for AUTOMOTIVE REFINISH, part of PPG; he succeeds Tom Mauck who is returning to the US.
■ Richard Craddy and Alun Roberts have been promoted to become directors of Strachan & Henshaw, part of WEIR GROUP.
■ Eddie Styring, formerly md of Dixons and Comet, has been appointed md of Allied Maples, part of ASDA GROUP.

Constructive careers

■ Jim Leask, formerly financial director, has been appointed md of Hall & Tawse Scotland, part of RAINE; he succeeds Jim Birnie who is taking early retirement for health reasons.
■ Alan Gunner, formerly a director of Trafalgar House Construction (Regions), has been appointed md of GEOFFREY OSBORNE Civil Engineering. David Kent and Nick Yandle have been appointed to the board of Geoffrey Osborne Building.
■ John Sharples, executive director of TARMAC CONSTRUCTIONS REGIONS' southern region, has been appointed business development director.
■ Bob Marshall, formerly group md of John Lelliott Group, has been appointed a director of MORGAN LOVELL.
■ Alan Tear is promoted to the board of EDMOND HOLDINGS.
■ Mike Wood, formerly a director of Wimpey Construction, has been appointed chairman of Sir Alexander Gibb & Partners' Project and Construction Management Group in succession to Joey Horn.
■ John Carson, md of the Scottish region, has been appointed deputy md of MILLER Civil Engineering.
■ Chris Myatt, formerly md of Tarmac Industrial Products division, has been appointed chief operating officer and to the board of TARMAC Construction.

Radcliffe promoted at Hogg Robinson

David Radcliffe yesterday joined the board of Hogg Robinson, the business travel, financial services and transport group. Radcliffe, 40, has worked his way up through the group; he joined in 1978 and now also becomes managing director of Hogg Robinson Business International.

Radcliffe, who was born in Hackney, east London, began his travel management career with the Automobile Association at the age of 23; his first job was to set up an AA travel agency in Norwich.

Brian Perry, the chairman, says Radcliffe's appointment underlines the importance the group attaches to business travel; having sold its retail travel chain to Airtours last June, Radcliffe says he is looking for possible acquisition targets both inside and outside the UK.

Tom Frost has lost no time in snapping up his first non-executive directorships since retiring as deputy chairman of National Westminster Bank. Last week he joined ICCH and The London Clearing House, the clearing house for Liffe, IPE, LCE and LME. Now he has joined the board of Five Oaks Investments, a property company.

Five Oaks says it had decided to appoint a third non-executive director to comply with the Cadbury report. It plans to embark on a period of expansion to take advantage of the upturn in the property cycle. Last month, Five Oaks Investments raised £12.2m in a placing and open offer, which has given it the scope to spend £15m on acquisitions.

Cable & Satellite Broadcasting
5 October, 1993

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Art / Lynn MacRitchie

Gilbert and George pay China's price

"THERE ARE many ordinary people here, people off the street. The China Art Gallery is always the place where you see whether the political trend is going backwards or forwards," the young Chinese said.

We were talking in front of "City Drop," one of 55 recent pictures by Gilbert and George on show there until 3 October. He liked "City Drop" which shows Gilbert and George tumbling from the sky above a panoramic view of London.

So did Long Xizu, Professor of the Central Institute of Minorities, and a famous establishment critic of photography and art. His interpretation of the picture was fascinating. He thought that "City Drop" meant that no matter how hard we try, even if we jump up into the sky, it is impossible to escape what we have created. And sometimes, no matter how beautiful those things are, everyone wants to escape.

As we were walking round, he told me of the conversations he could overhear. A young man told an older one he thought the pictures "wonderful." "What's so wonderful?" asked the older man. "There's no beauty there. Everyone is standing up side down."

The Chinese have had long and painful practice in looking for meaning in paintings, or indeed any other works of art, and the meaning of the Gilbert and George show both in itself and as an exhibition with government support – it was organised through the cultural section of the Chinese Embassy in London in co-operation with the China International Exhibition Agency, a department of the Ministry of Culture in Beijing – has been the talk of the Beijing art world ever since the English artists arrived. The art community, though small, is remarkably active, and spans the avant garde, professors in art schools and representatives of the Ministry of Culture, the body which still determines what is the acceptable fate of official art.

The official view seems to be that an exhibition of the works of "Mr Gilbert and Mr George," the distinguished and famous western artists, is a fine example of cultural exchange and friendship between our two countries. The unofficial view, expressed by young Chinese who take a pride in aggressive cynicism, is that "they must have paid a lot of money to the China Art Gallery."

While each of these statements is true, neither is the whole truth, nor does their combination add up to it. Four years after the Tiananmen Square incident and in the final stages of its bid to secure the Olympics, permitting such a major exhibition would have been irresistible to any government in need of a boost to the "liberal" aspect of its image.

The China Daily, the English language paper popped under all hotel guests' doors, even implies as much in its listings entry for the show. As to the money, these days, and indeed throughout the 1980s, the temporary exhibition spaces of the China Art Gallery are available for rent. Some of the young avant garde painters themselves have hired small rooms there for shows – not always without incident, however. The week before the Gilbert and George show opened, an exhibition by a group of young painters was closed after gallery officials demanded that some of the more controversial works be moved to another venue. One exhibitor staged a protest event, cutting his long hair; he was arrested and the show closed down.

The Gilbert and George show occupies three rooms on the first floor, the most prestigious, and rental was levied accordingly. The whole exhibition was paid for with privately raised funds, including a large contribution from the Anthony D'Offay Gallery and support from the Willis Corroon Group.

At the opening, the gallery was packed to bursting with an extraordinary mixture of art world types, both western and Chinese, dressed in everything from vests and cotton trousers to impeccable business suits to the latest clubbing gear who listened to speeches from the British ambassador and the former Chinese vice-minister for culture before getting stuck into the mini-riot which broke out around the catalogue desk. And all fuelled on bottles of pop, drunk through a straw – no alcohol, probably fortunately, was served.

And what did the artists think of it all? The opening they found "very emotional, historic," and there is no doubt that it was.

Gilbert and George wanted to show in China because, "There are people here, like everybody else. Once we arrived we knew it was the right decision, because we had this feeling of modernity, of hope. We think they will be able to understand our art in a fresh way."

While some of the younger Chinese viewers expressed disappointment that the pictures had so little "anger" in them (expressing their rage about past deceits and future uncertainty is a very important theme for Beijing's young painters) all were impressed at the scale of the works, their advanced techniques and their vivid colours.

The last western artist to show in the gallery was Robert Rauschenberg in 1985, whose work had an enormous effect on the work of local painters, leading directly to the present school of Political Pop now finding favour in the west.

r there will be a school of Gilbert and George is too early to say. Younger Chinese artists are much more sophisticated now, and firmly committed to finding their own way of expressing their experiences, a view with which Gilbert and George are in perfect sympathy. Standing in their immaculate suits in a tiny shack, both home and studio of a young artist who had just staged a performance in their honour, they told him, "This is just how we started out. We were the poorest people we knew."

They are far from poor now, and successful internationally in a way few British artists have ever been. That determined individualism and years of hard work can bring the highest rewards is a lesson that the Chinese are more than ready to hear, and one that the presence in their capital of Gilbert and George, their timing as impeccable as their suits, is uniquely able to embody.

Gilbert & George China Exhibition, China National Art Gallery, Beijing, 3 September to 3 October, then to The Art Museum, Shanghai, 21 October to 11 November. Supported by the Willis Corroon Group.

A prestigious catch: "Eyes" is part of Gilbert and George's exhibition in China

Concert / William Weaver

A mass resung after 400 years

VENICE, as we are reminded by the sumptuous Gentile Bellini paintings in the *Accademia*, has long been a city of ceremony. Even today on great occasions such as the Regatta, the feast of the Redeemer, and Carnival, the crowds, the fireworks, the trappings, and the masks are a sometimes degenerate reminder of the grandeur of the Republic in its festive heyday.

The Save Venice organisation, which has achieved splendid results in the restorations it has sponsored, has brought imagination even to its fund-raising and it has turned its attention also to investigating Venetian music and its performance in the past.

The American-born musicologist Randolph Mickelson, long a Venice resident, has for some years been studying not only the manuscripts of Venetian music of the golden age but also the records of performances in the Basilica of San Marco, collating published sources with ancient ledgers to reconstruct with accuracy the music of a specific Mass celebrated on a given day. For, to confound later scholars, the musical parts of the Mass, often composed by several hands, might be given in varying sequences on different occasions.

Over a six-year period, Mickelson has convincingly recreated a Mass heard in San Marco on Tuesday 6 May 1597 on the occasion of the crowning of the Dogaressa Morosina Morosini Grimani, the climax of a three-day celebration involving processions, a grand ball, an elaborate supper for hundreds of guests, a mock sea-battle, and the solemn presentation of a golden rose, a papal gift brought to Venice by the pontiff's Nuncio. This delivery took place at the end of the solemn Mass, which included music by a dead composer, Adrian Willaert, and by the living Venetians Giovanni Gabrieli and Giovanni Croce. Both composed regularly for the Basilica – Gabrieli was San Marco's organist for many years, and Croce later became its choirmaster but their fame, and their music, rapidly traveled from Venice to other parts of Europe.

Mickelson found a manuscript of Croce's Ordinary, used in the Dogaressa's Mass, in the Great Choirbook of the Imperial Chapel of Vienna. For the invited audience of the generous patrons of Save Venice, in a Basilica all aglow (the Zen chapel newly resplendent thanks to these friends of the city) like a magic series of golden caves, the Dogaressa's Mass was sung last week for the first time in almost four centuries.

'Like the mosaics through which it echoed, the mass has maintained all its brilliance'

Like the mosaics through which it echoed, it has maintained all its brilliance. First a brass choir proceeded from the main door of the church down the nave, through the roodscreen, to the altar, its solemn fanfare reechoing in the shadowy air. Then, invisible in the west loft, the Ambrosian singers and members of the National Philharmonic Orchestra performed three psalms of Croce, while the baritone Francis Keeping – standing in for the Nuncio – chanted the words of the Mass, as the Coro Gregoriano of Treviso – Italy's finest keepers of the Gregorian flame – responded.

Keeping stood in the great porphyry pulpit, the Gregorians clustered below him, so chant and baroque music alternated from separate parts of the church, as chorus alternated with solo instruments, and the organ, sometimes a powerful accompaniment, sometimes magnificently on its own, poured out floods of glorious sound.

The separation of the forces seemed deliberately to counterpose church and state, the stark chanting belonged to heaven while the Doge's assertive trumpets, heard at intervals from behind the altar, were compelling reminders of worldly power.

The gifted young conductor Raffaello Sapere ably kept the separate forces together and – with the mellifluent and sober Keeping – helped maintain the shape of the event. Most of the gala international audience sat in the nave, under the flickering reddish lights of the chandeliers. But a fortunate few were allowed in the little area before the altar, where the thrones of Doge and Dogaressa once stood. Here the acoustics were amazingly clear, the dying echoes never overlapped or became muddied; and the secular brass rang out with a clarity and brilliance that would have fallen sweetly then on ducal ears, as it did, now, on ours.

Proms

Henze, Handel, Beethoven

ON SUNDAY we had a brace of BBC Proms: at noon, Hans Werner Henze's newly completed *Requiem*, (followed by a public party in the park), and in the evening the "period" Orchestra of the Age of Enlightenment playing Haydn's and Beethoven's last symphonies. The special attractions of each had nothing to do with the other.

Henze's *Requiem* has grown from a 1990 "Introitus" – written upon the death, from an Aids-related illness, of the London Sinfonietta's artistic director Michael Vyner – to a nine-movement work, one of his best. None of the ancient liturgical text is actually sung, though its words apparently guided the composing; Henze is not a believer, and has chosen to treat eight sections of the Requiem as symbolic of related deep feeling – grief, fear, loss and so on. He has borrowed a non-canonical ninth, the "Ave verum corpus", surely with Mozart's ethereally tender setting in mind.

Instead of voices, then, Henze has assigned eloquent solo roles to piano and virtuoso trumpet, fronting a large chamber orchestra with many chiming instruments, (celesta, vibraphone, tubular bells, handbells). The little Geistliche Konzerte of Heinrich Schütz served him as models. Throughout, the tone is intimate, lyrical, luminous, candidly personal: impossible not to think of John Corigliano's recent, strident "Aids" Symphony as a comparison, and impossible not to think of this Requiem as incomparably finer music.

Just occasionally, the score raises its voice in anger or distress, fulfilling the dramatic demands of an hour-long piece: in the urgent "Dies irae", of course, in the violent "Rex tremendae" which introduces the trumpet for the first time, in a "Tuba mirum" with a grotesque parodistic march and Latin-American rhythms. But as in all Henze's best chamber music, ruminative gentleness is the keynote; Paul Crossley – Vyner's successor with the Sinfonietta – struck it unerringly in the lovely piano-music, and Hakan Hardenberger too in the speaking trumpet-part (high-flying though it is).

With the "Sanctus" at the close, shimmering with handbells and dramatised by a pair of trumpets high up in the balconies, the score attains an elevated composure. Oliver Knussen conducted with full sympathetic authority. Henze's particular genius, which sometimes sounds thin-stretched in large-scale pieces, has never been better served than by the original form and style of this Requiem.

The evening Prom concert was given by Frans Brüggen and the Orchestra of the Age of Enlightenment ("period" instruments). A nice pairing: the last symphonies of Haydn. the "London", and Beethoven, the "Choral". In the Albert Hall, with these instrumental forces, the Haydn sounded elegant but a little wan: one wanted to hear it somewhere smaller, or at least to be standing at the front of the *Promenade*.

Somehow, nonetheless, Brüggen worked miracles with the "Choral" Symphony. His tempi were consistently quick, by ordinary standards, and perfectly convincing. The dry, rattly timpani made a splendid effect in the Scherzo. The New Company chorus had a confidence and clarity disproportionate to their modest numbers, and the soloists – Judith Howarth, Susan Bickley, Hans Peter Blochwitz and Andreas Schmidt – were as clean and well-matched a quartet as I have heard in this work for a long time. The audience was overjoyed, quite rightly.

David Murray

Edinburgh

Moving British debut

THE SINGER Thomas Quasthoff, who made his British debut on Friday morning, was one of the Edinburgh Festival's unknown quantities. In the event, his recital of Schubert and Brahms lieder proved a real success.

A friend, who had arrived late at the Queen's Hall and had had to wait outside the auditorium until a suitable pause, told me afterwards of his immediate excitement in hearing Quasthoff's eloquence and unaffected communicative ease through the closed doors, though he had known nothing of Quasthoff beforehand.

This is an important test, because those who see Quasthoff before he starts to sing may find their reactions coloured by the fact that he is a victim of thalidomide. His publicity makes no mention of this, and he himself draws no attention to it.

He enters with his accompanist, mounts some extra steps, and sings from his perch on a stool. His face is calm, his manners simple and sweet, his accord with Peter Langehein, his accompanist, one of affection and good humour.

Quasthoff's voice is described as a baritone, though to my ear it is more like a very light bass. In recital it reveals no great volume or glamour, and sometimes it starts to sound slightly reedy. But he is a communicator, one who makes the words he sings speak.

The sheer lack of fuss or sentimentality in his way of singing "An die Musik" was refreshing – and touching, after the several dark Schubert songs he had already delivered. Then, after the interval, he sang the Brahms *Four Serious Songs*. He gave them without the gravitas or portentousness that has often marked their performance, but rather as a plain creed by which he lived his life.

Like others, I was moved to tears by the Brahms. Lest I sound too enthusiastic about Quasthoff, I state that his art is not one of limitless resource. He phrases with a natural sense of legato but without an always firm cantilena line. He shades his singing eloquently, but has a restricted range of vocal character; there is not much contrast (though enough) between the three or more "roles" he plays in the course of Schubert's *Szene aus Faust* and *Erlkönig*. Singing "Infelice, e tu credevi" from Verdi's *Ernani* (as a self-indulgent first encore), he did not attempt the advanced years of the character who sings it; heartfelt, but youthful and small-scaled.

Yet Quasthoff is so sincere a singer that he never seems held back by such limitations. The personality that he projects is one of dignity and reflectiveness. He seems naturally suited to music of a personal, Romantic tendency; but he handled some of Schubert's longer narratives with assurance. May he return to these shores, and soon.

Alastair Macaulay

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

Muziektheater Tonight, tomorrow afternoon and evening, Fri, Sat and next Mon: Dutch National Ballet present Peter Wright's production of Giselle. Thurs and Sun afternoon (also Sep 15, 18, 22, 25, 29): Hartmut Haenchen conducts Klaus-Michael Grüber's Netherlands Opera production of Parsifal, with Jan Hendrik Rootering, Wolfgang Schöne, Barry McCauley, Günter von Kannen and Ruthild Engert (020-625 5455)

Concertgebouw Sat afternoon: Lev Markiz conducts New Amsterdam Sinfonietta in works by Ketting, Stravinsky and Shostakovich. Next Mon: Simon Rattle conducts City of Birmingham Symphony Orchestra in Bartok and Nielsen. Sep 18: Cecilia Bartoli (24-hour information service 020-675 4411 ticket reservations 020-671 8345)

■ ANTWERP

Tonight at deSingel: Antonio Pappano conducts Orchestra of the Monnaie in works by Beethoven and Richard Strauss, with violin soloist Thomas Zehetmair. Fri: Michael Moore Jazz Quintet. Sat: Peter Eötvös conducts Royal Flanders Philharmonic Orchestra in Boulez and Bartok, with violin soloist Christian Tetzlaff (Antwerp 93: information from Grote Markt 29, B-2000 Antwerp, tel 03-226 9300; tickets from Tele Ticket Service tel 070-233233 or in person at Fnac, Groenplaats, Antwerp)

■ BRUSSELS

Palais des Beaux Arts Tonight: Gidon Kremer and friends play chamber music by Schubert, Shostakovich and others. Sat: Simon Rattle conducts City of Birmingham Symphony Orchestra in works by Schoenberg, Schubert and Nielsen. Next Mon: Maurizio Pollini plays Beethoven piano sonatas (tickets 02-507 8200 information 02-507 8410)

Monnaie Sat: opening night of 1993-4 season with concert performance of Fidelio conducted by Heinrich Schiff. Repeated Sep 12, 14, 15, 17, 18, 19, 21 and 22, with Janis Martin and Nadine Secunde alternating as Leonore (02-219 6341)

■ CHICAGO

CHICAGO SYMPHONY

The new season at Orchestra Hall opens on Sep 17 with the first of four performances of Verdi's Requiem conducted by Daniel Barenboim, who also directs three other programmes in the opening month (312-435 6666)

CHICAGO LYRIC OPERA

The 1993-4 season at Civic Opera House opens on Sep 18 with a new production of La traviata staged by Frank Galati and conducted by Bruno Bartoletti, with a cast led by June Anderson, Giuseppe Sabbatini and Dmitri Hvorostovsky. Massenet's Don Quichotte is revived on Sep 26 with Samuel Ramey in the title role (312-332 2244)

■ GENEVA

OPERA

The 1993-4 season at the Grand Théâtre opens on Sun with a new production of Carmen, staged by Adolfo Marsillach and conducted by Gary Bertini, with Denyce Graves in the title role and Thomas Moser as Don José. Further performances Sep 15, 18, 20, 23, 26, 29, Oct 2 (022-311 2311)

THEATRE

The first production of the season at Théâtre de Carouge is Molière's Le Misanthrope, opening next Tues and running till Oct 11 (022-343 4343)

■ GHENT

The first staged production at the renovated opera house is Otello, conducted by Stefan Soltesz and staged by Gilbert Deflo, with a cast led by Corneliu Murgu, Knut Skram and Elena Filipova (Sep 23, 26, 29, Oct 2). The season also includes Samson et Dalila, La bohème, L'incoronazione di Poppea, La Cenerentola, Lohengrin, Billy Budd and Die Fledermaus (091-225 2425)

■ THE HAGUE

The 1993-4 season of Nederlands Dans Theater opens on Thurs with a programme entitled The Hague School of Dancing, choreographed by Martin Müller, Mats Ek and Nacho Duato. Repeated on Fri and Sat, also Sep 16, 17, 18 (070-360 4930)

■ LINZ

This year's Bruckner Festival opens on Sat with a performance of the Eighth Symphony by the Bavarian Radio Symphony Orchestra conducted by Lorin Maazel. Other visitors include the Hilliard Ensemble with a programme of choral music by Bruckner, Pärt, Purcell and Cage; I Solisti Veneti with works by Respighi and Wolf-Ferrari; and Russian pianist Lazar Berman. Horst Stein conducts the Bamberg Symphony Orchestra in Bruckner's First Symphony, Philippe Herreweghe conducts La Chapelle Royale in Bruckner's Mass in E minor and the final concerts on Oct 2 and 3 are by the London Philharmonic under Franz Welser-Möst (0732-775230)

■ ROTTERDAM

De Doelen Thurs, Fri: Jeffrey Tate conducts Rotterdam Philharmonic Orchestra in works by Beethoven and Bruckner, with piano soloist Lars Vogt (010-217 1717)

■ VIENNA

OPERA

Luba Orgonasova is Constanze in tonight's performance of Entführung at the Staatsoper, repeated on Sat. Donald Runnicles conducts Die Walküre tomorrow and Siegfried on Sun, with casts including Hildegard Behrens, Waltraud Meier, Robert Hale, Poul Elming, Wolfgang Schmidt and Heinz Zednik. The repertory also includes Aida and Die Zauberflöte (51444 2955)

CONCERTS

The Vienna Mozart Orchestra gives concerts in the Musikverein on Sat and next Wed. The Vienna Philharmonic Orchestra's first subscription concerts of the new season are conducted by Riccardo Muti on Sep 18 and 19. Alfred Brendel gives a piano recital on Sep 21, followed by Murray Perahia on Sep 30 (505 8190)

■ WASHINGTON

THEATRE

- Cellophane Xerox: Frederick Gaines' play explores the legacy of Kent State in 1970, when the National Guard was ordered to shoot students protesting against the Vietnam war. Till Oct 19 (George Mason University Center for the Arts 703-993 8888)
- The Kentucky Cycle: Robert Schenkkan's tale of three families who settle, feud and die for the hills and hollows of eastern Kentucky. The play, divided into two parts played on separate evenings, spans 200 years of American history, with a cast of 20 portraying 72 roles (Kennedy Center Eisenhower Theater 202-467 4600)
- Fires in the Mirror: Anna Deavere Smith's tale of class and racial conflict, based on interviews with Jewish and black leaders from the Crown Heights riots in 1991 New York. Opens tomorrow, till Sep 19 (Arena Stage's Kreeger Theater 202-488 3300)
- The Caretaker: Harold Pinter's modern classic directed by Joy Zinoman. Opens tomorrow, till Oct 10 (Studio Theater 202-332 3300)
- The Phantom of the Opera: Andrew Lloyd Webber's musical, directed by Harold Prince. Till Oct 2 (Kennedy Center Opera House 202-467 4600)
- Kvetch: Steven Berkoff's comedy, till Sep 26 (Wolly Mammoth 202-393 3939)

JAZZ/CABARET

Wolf Trap Tonight: Bruce Hornsby. Tomorrow, Thurs: Bob Dylan and Santana. Fri: Slide Hampton and Jazz Masters. Sat: Kathy Mathea, country music (1624 Trap Road, Vienna, Virginia, 703-218 6500)

■ ZURICH

Henze mini-festival: a series of events focusing on the music of Hans Werner Henze dominates Zurich's concert and opera programme over the next two weeks, based around a production of Der Prinz von Homburg at the Opernhaus. The production, conducted by Eliahu Inbal and staged by Nikolaus Lehnhoff, opens on Sun with Thomas Hampson in the title role (01-262 0909). On Thurs at the Tonhalle, Collegium Novum Zurich presents a concert entitled The Imaginary Theatre of Hans Werner Henze. On Sun, Anja Silja is soloist in Henze's new arrangement of songs from La Cubana. His new Requiem will be performed on Sep 20 (01-261 1600)

ARTS GUIDE

Monday: Berlin, New York and Paris.
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Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

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Prestige in the pipeline

John Murray-Brown examines a dispute between Turkey and Russia over oil export routes

Turkey and Russia are locking horns over the future of a multi-million-dollar project to take central Asia's oil to western markets. The outcome of the struggle will help shape the future economic alliances of the region.

The importance of the venture is underlined by tomorrow's scheduled visit to Moscow by Mrs Tansu Çiller, the Turkish prime minister, to meet President Boris Yeltsin. In her first foreign trip, she is expected to focus on Turkish concerns over conflict in the Caucasus, and to enlist Russian backing for Turkey's planned oil pipeline from Baku in eastern Azerbaijan to the Mediterranean port of Ceyhan (see map).

Turkey, a newcomer to regional influence, is seeking to capitalise on its linguistic and ethnic ties with the Turkish-speaking republics; Russia, historically the colonial power, is trying to reaffirm its control over its former empire. The planned pipeline has thrown these tensions into relief.

Negotiations are under way between Azerbaijan, Turkey and several western oil companies to construct the US$1.4bn pipeline, financed mainly by British Petroleum, Amoco, Unocal, Pennzoil and McDermott of the US, and Statoil of Norway.

The alternative oil route to the west is via the existing Soviet-built pipelines to the Russian Black Sea port of Novorossiysk, from where tankers take the oil through the Bosporus straits to Mediterranean refineries. The pipeline would need to be developed and extended as new oilfields come on stream.

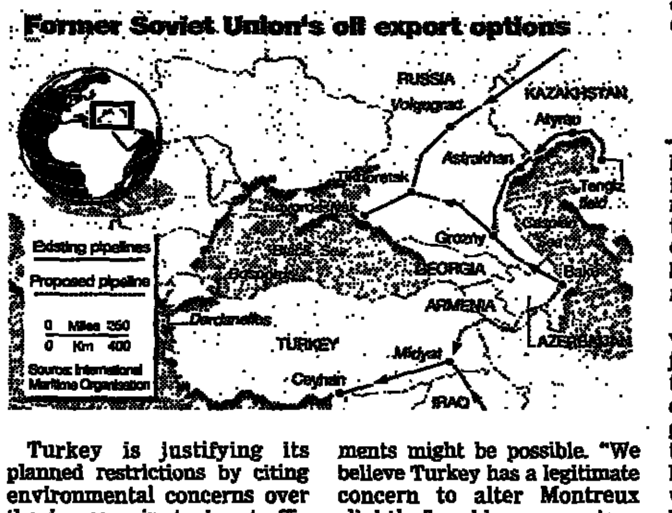
"Every route has it difficulties," said a western oil executive. The oil companies say the present Bosporus route is cheaper and would not require such large investment. For the cash-strapped central Asian republics, the Bosporus route is also attractive – it offers the prospect of virtually immediate oil revenues because much of the pipeline network is already in place.

There are practical reasons for the misgivings: the Turkish pipeline would have to cross Georgia, Armenia or Iran, all of which would present considerable political risks for any lender to the project. In addition, a large section of the pipeline would have to be built through south-east Turkey, where Turkish Kurds are fighting for independence.

Last week Turkey stepped up the diplomatic pressure by threatening to introduce new restrictions on tankers of more than 150 metres in length passing though the Bosporus. Turkish foreign minister Mr Hikmet Çetin warned that Turkey would seek a revision of the 1936 Montreux Convention under which merchant vessels in peacetime are ensured unhindered passage through the straits.

The effect of any curbs on traffic would add costly delays to the tankers shipping oil from Novorossiysk and could force the oil companies to look more favourably on the Turkish pipeline proposal.

Former Soviet Union's oil export options



Turkey is justifying its planned restrictions by citing environmental concerns over the increase in tanker traffic that would run through the middle of Istanbul, Turkey's largest city, if its pipeline does not get the go-ahead. "We can't take that environmental risk," said Mr Çetin. "If the only solution is to change Montreux, we will seek to change it."

Turkish officials have repeatedly warned about congestion in the Bosporus because of growing freight use by the newly independent Black Sea states, all dependent on this route for access to western markets. The number of vessels passing through the Bosporus last year is estimated at 50,000, an increase of 10 per cent over 1991.

According to observers, about 5m tonnes of crude oil is shipped annually through the straits, a figure which will rise to 45m-50m tonnes if oil from new finds in Azerbaijan and Kazakhstan starts flowing through Novorossiysk. The Istanbul port authorities already have to close the Bosporus for safety reasons to other traffic every time a tanker is in transit.

Despite Turkey's concerns, western diplomats say there would be little support among other signatories for a complete revision of Montreux, a broad agreement which achieves a delicate balance of interests, and which took 13 years to finalise. Minor amendments might be possible. "We believe Turkey has a legitimate concern to alter Montreux slightly," said one western observer.

There is a great deal more at stake than regulating tanker traffic, however. The pipeline dispute comes at an awkward time, as Turkey seeks Russia's co-operation to bring peace to the war-ravaged Caucasus.

The project is also seen as the economic lifeline of the region and the centrepiece of a more ambitious Turkish foreign policy. Until now the lack of a common land border with the central Asian republics, and no shared infrastructure, have placed physical limits on Turkish efforts at economic expansion eastwards.

The pipeline itself would bring in an estimated US$500m a year in tariff revenues. Of equal significance is the unprecedented commercial opportunity it offers for Turkish businessmen to forge trade links with the republics. For instance, Turkey might take Azeri oil in exchange for manufactured goods and construction contracts.

At the moment, Turkish officials are concentrating on wooing Azerbaijan. If their efforts are successful, Kazakhstan may be persuaded to redirect its oil to the Turkish route. This could pave the way for a separate gas pipeline to take both Kazakh gas and the vast gas reserves of Turkmenistan to Europe.

For Russia, the prospect of losing control over the natural resource exports of former satellites is worrying. The continued use of Russian ports and refineries makes the republics dependent on Moscow. The Kazakhs already have an agreement with Chevron, the US oil company, to develop the vast Tengiz field, and ship the oil via Novorossiysk. Bechtel of the US has a contract to build a pipeline from Tengiz to Novorossiysk, linking with the existing facility from Baku to Grozny.

Any change by Turkey in the conditions applying to tankers transiting the Bosporus would be viewed as a provocation by Russia, which might pursue the issue with the International Maritime Organisation, the London-based UN body which handles maritime disputes.

Amendments to Montreux would prejudice relations not just with Moscow, but with all the Black Sea states. This could jeopardise the careful groundwork already undertaken to set up the Black Sea Economic Co-operation forum, which aims to cement trade links throughout the area.

Turkey may have been slow to understand the depth of Russia's determination to hang on to control of central Asia's oil exports. In pushing for the pipeline, the Turks have challenged Russian economic power at a time when Moscow, too, is desperate for the hard currency that accrues from such a project.

Ultimately, however, Turkey may be the winner. It is commiting intense diplomatic efforts to persuading western governments to support its case for restricting access to the Bosporus, while continuing to negotiate for the pipeline with Azerbaijan. A decision on the project may be several months away – but on it rests Turkey's regional prestige.

Joe Rogaly

Marx the musical

If you find an ancient Labour party song sheet, price tuppence, in your attic, cherish it. Mine came down the loft ladder during the summer. It is enjoyable, yet it carries a sting. It makes you weep as you laugh. It is a musical history of the century of collectivism that has now reached its end. What I could do with this material! Andrew Lloyd Webber, eat your heart out:

The people's flag is deepest red: it left the Labour movement dead. Too cruel? Try *arise, ye starvelings from your slumbers – and please join up in larger numbers.*

Enough tampering. This ancient hymnal contains many popular ditties, the property of no political party. Yet it should be preserved in a museum of the 20th century, if only for its red numbers. The exhortation in the Italian "Bandiera Rosa" is clumsily translated as *raise then the scarlet flag triumphantly.* Triumph? Phooey. The little-known "Dump the Bosses off your Back" promises that *all the agonies you suffer/ you can end with one good whack.* We'll pass that by. The song ascribed to the Amalgamated Engineering Union, which I bet you cannot even whistle, has a chorus beginning *strong as the steel which we shape with precision* ...

It is impossible not to mock, yet it is uncomfortable to do so. Millions of good people sang such tunes, and believed the promises in their seductive rhymes. The suffering they record was genuine; many who sought to improve the condition of the poor, or of badly treated employees, were, every now and then, just for a moment, heroes. *Shall we only hope for heaven when we're dead?* asks Ralph Chaplin's "The Commonwealth of Toil". *Shall we stagger on beneath their heavy load?* Such rhetoric got nowhere. It rescued nobody. I do not think the lyricist of the Internationale (the one about ye starvelings arising) meant what you and I will read into the following lines: *for reason in revolt now thunders/and at last ends the age of cant.* Reason certainly has thundered, and ended the age of socialist cant.

In Britain it has also put the kibosh on trade unions and made it difficult for Labour to win a general election. The people's party continues to be branded by the sentiments expressed in its old hymns. It has not adapted itself to the new political marketplace. In spite of everything done since 1983 to shed voter-repelling policies, its image remains as it was, that of an organisation run by collectivists who will hold you back. This observation is supported by qualitative survey research published by the Fabians a year ago. A follow-up study, whose full results will be available next week, rams the point home.

The response of Labour and maybe most unions to this emergency is that of non-swimmers clinging to one another in choppy seas

One reason why Labour is still regarded as a loser by a majority of the electorate is the association of the party with the trade unions. This hurts both sides. In another recent Fabian pamphlet*, Philip Bassett and Alan Cave quote survey evidence to the effect that "even among members of a highly Labour-loyal union, trade union support for Labour is the single-largest deterrent for employees considering union membership". Labour did pick up 1½m more votes in last year's general election than it did in 1987, but that still left it 1½m behind its winning performance in 1966. The Conservative popular vote last year was the highest in its history, and 2½m ahead of Labour.

The unions are mortally afflicted. During the 1980s they lost members at twice the rate of the decline in employment. Union membership is down from a peak of 13m to around 8½m now, and falling rapidly. In a fresh analysis of their prospects, Mr Graham Mather of the European Policy Forum suggests that Britain's unions are "retreating into a ghetto of white-collar, public service workers". Barely a quarter of their members are in manufacturing; just over half have full-time white-collar jobs. "Alarmingly for the unions, these are precisely the areas likely to see the next wave of job shedding," notes Mr Mather.

This closes a new trap around Labour. If the party stands for anything it is for more government activity. It clearly feels obliged to oppose every cut in this or that public programme put forward by the government. It will obstruct privatisation, competitive tendering, hiving off to agencies, and the other devices used by the Conservatives for the unstated purpose of breaking the public sector unions. Whatever Labour's leaders say, that approach is translated by most people into a plan to offer further protected jobs for the unions' boys and girls, and thus more collective spending. Prominent among Labour's perceived masters are some of the public sector unions, the potential beneficiaries of its administrative approach. It is a deadly circle.

The response of the party and possibly a majority of the unions to this dire emergency is that of non-swimmers clinging to one another in choppy seas. They are unable to part, unable to tread water, incapable of any movements save those which make their predicament worse. No, they say, even those who see the light, we do not want to break the links between unions and party: we want to tighten them. It is a noose that they are tightening. Mr Bill Jordan of the engineering union has observed that voters will reason that, if trade union leaders can dictate the way John Smith runs his party, then they would surely dictate the way he runs his government.

Mr Smith will address the Trades Union Congress at its meeting in Brighton today. If he does not reiterate his support for selection of Labour's parliamentary candidates by paid-up party members alone, the explanation will be that the TUC is the wrong place to do that, since it includes unions not affiliated to the party. Yet the Labour leader's highest aim is to cut away the collective trade union vote in the constituencies. He has already abandoned plans to exclude trade unions from the procedure for electing the leader of the party. The union bloc vote at Labour's conference will be slowly circumscribed, but it will remain overwhelming for the rest of this century.

It is not good enough. No matter how badly the Tories flounder, the principal opposition party is not modernising itself as extensively or rapidly as it needs to. For Labour and the unions the song is ended, but the melody lingers on. Do you hear it? It is a dirge.

**Available from 11 Dartmouth St, London SW1H 9BN*

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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Riding the cyclical swing

From Ms Gill Sturdy.

Sir, "Is there anything that governments can do to reassert control of the business cycle?", asked your leader, "Slow-motion economics" (September 4). Would that they got rid of the cursed thing instead!

Mr Eddie George, the new governor of the venerable (but less old than the business cycle) Bank of England, has called for three years of output growth faster than the rate of inflation. That would be a good start, exceeding more than half the normal length of a cyclical upswing, and go a long way to ensure that the subsequent output growth too was sustained.

Can we have perpetual motion in one country when others still cling to their old cyclical ways? Let the Old Lady and the new chancellor jointly show the way.

Gill Sturdy,
881 Nether Street,
North Finchley,
London N12 8AD

Iberia move is welcome

From Mr Etienne Danois-Maricq.

Sir, The recent ousting of Mr Aguilo, chairman of Iberia (International Company News, September 1), is certainly welcomed by a number of frequent flyers resident in Spain. Being exposed to sub-standard service and incidents, including aircraft departures without all passengers checked in, last-minute changes to published schedules, quasi-punitive pricing practices and failure to refund promptly unused full-fare tickets (more than six months) is irritating, especially since there is, for all practical purposes, no alternative carrier on most Spanish routes.

Unlike Sir Colin Marshall of British Airways, who has taken pains to respond to written communications concerning major service incidents, Mr Aguilo has remained silent when I have written to him in an ultimate attempt to have incidents resolved.

Until the European Commission's DG4 takes effective steps at crushing Iberia's abuse of monopoly power, we can only hope that Mr Aguilo's successor will introduce customer service on Iberia's agenda.

Etienne Danois-Maricq,
honorary secretary,
IEE Iberica,
Institution of Electrical Engineers,
Madrid

Ministers must offer Africa debt lifeline

From Mr Stewart Wallis.

Sir, Your excellent and timely supplement, "Africa, a continent at stake" (September 1), rightly highlights the fact that IMF/World Bank Structural Adjustment Programmes have fallen short of expectations and that few problems in Africa are more burdensome and debilitating than external debt.

The supplement should be compulsory reading for the western finance ministers attending this month's IMF/World Bank annual meeting in Washington. A potential African recovery hangs by a thread. The meeting has the power to throw Africa either a lifeline or a noose.

The last G7 summit in Tokyo failed to act on Africa's crushing debt. Africa cannot afford a similar response from the IMF/World Bank meeting. The issue is simple: if world leaders want to lead, then they have to deal decisively with world problems.

Stewart Wallis,
deputy director,
Oxfam,
274 Banbury Road,
Oxford OX2 7DZ

Mickey no foreigner

From Reverend Peter Disney.

Sir, May I inform your correspondent Dr Purshouse (Letters, September 3) that the original exporting was from France to America? We Disneys were D'Isigny, Isigny being a dairying place in Normandy. The day you published Purshouse's letter I had a postcard from a Disney family member visiting this home town of our ancestors.

Two brothers came over with William the Conqueror. The family lived at Norton Disney in Lincolnshire for 600 years. Then two brothers in the 17th century moved to Ireland. Walt Disney was descended from one of these two. He was very interested in the family and I was on a number of occasions, many years ago, asked by mutual cousins to provide them with family information to pass on to him.

If the French really do so much object to Mickey Mouse's return to the land of his ancestral origin, could this perhaps be a latter-day example of a prophet being without honour in his own country?

Peter Disney,
16 Lower Byfield,
Monks Eleigh,
Ipswich IP7 7JJ

Taxed one way or another

From E H Dodson.

Sir, While I do not seek to justify tax evasion in any form ("The temptations of forbidden fruit", August 26), I am surprised that your contributor did not mention the substantial benefits which accrue to the Revenue from undisclosed earnings. If those involved live up to their supposed means (buying extra bottles of highly taxed whisky, for example), the net loss may be modest. An argument for an increase in excise duties perhaps?

E H Dodson,
The Knoll,
27 Ladythorn Crescent,
Bramhall,
Stockport,
Cheshire SK7 2HB

Optimist in search of realism

From Mr Charles Ford.

Sir, In answering Professor Furnham's questionnaire, "Are you an optimistic or pessimistic boss?" (September 1), my score of 21 puts me firmly in the optimist's camp.

The professor's 15 questions, however, must have caused many readers to think that "realistic" or "unrealistic" would be a more suitable tag for these bosses, according to the answers they gave and the final score totals achieved. Anyone, for instance, who "strongly agrees" with the question, "The most effective supervisor is one who gets the results management expects, regardless of the methods used in handling people", is not merely being pessimistic but totally unrealistic.

It would be just such an unrealistic management attitude which would cause staff morale to flag and, ergo, company under-performance.

Professor Furnham also refers to "soft" management techniques and, although he does not say what these might be, he would doubtless agree that such techniques would come from what he calls the "optimistic" bosses.

Again I would say that these are the "enlightened or realistic" bosses who understand the psychology of motivation. The use of staff incentives and motivation programmes continually proves not to be an optimistic or soft option.

Indeed, by the results achieved, this enlightened style of management proves to be the realistic one.

Charles Ford,
editor,
Incentive Today Magazine,
Blenheim plc,
630 Chiswick High Road,
London W4 5BG

Private prisons: rewards and reflections

From Mr Derek A Coggrave.

Sir, Your editorial, "Private prisons" (September 2), discussed the wisdom of privately run prisons. There has been considerable debate in recent months regarding the treatment of criminals, with attitudes hardening in the direction of longer prison sentences, the argument being that those convicted cannot reoffend when locked up.

However, any system which neglects the problem of reoffending must be barren in nature.

Therefore, if prisons are to be run privately under contract, then one element of the contract should be rewards/penalties – for the contractor – for those prisoners, who once released, do not/do reoffend. It would then be up to the contractors to decide how the prison environment might be managed to achieve this objective and maximise contractors' rewards.

Derek A Coggrave,
23 Wentworth Park,
Finchley, London N3 1YE

From Mr Robert Sutherland Smith.

Sir, Your editorial, "Private prisons", was well balanced and full of good sense. The privatisation experiment has thrown up more questions than it answers. We need to know more and a moratorium during a period of reflection would be commendably reassuring.

It is extraordinary that a government which has won itself a reputation for deafness rather than deftness (some have diagnosed arrogance) should push on blindly with more private prisons. Here we have in the making another half cocked and reckless adventure which has all the politically explosive potential of the poll tax, the erstwhile unseeing faith in the ERM and education reforms now abandoned.

Why do they keep on doing it?

Robert Sutherland Smith,
18 Widecombe Way,
London N2 0HL

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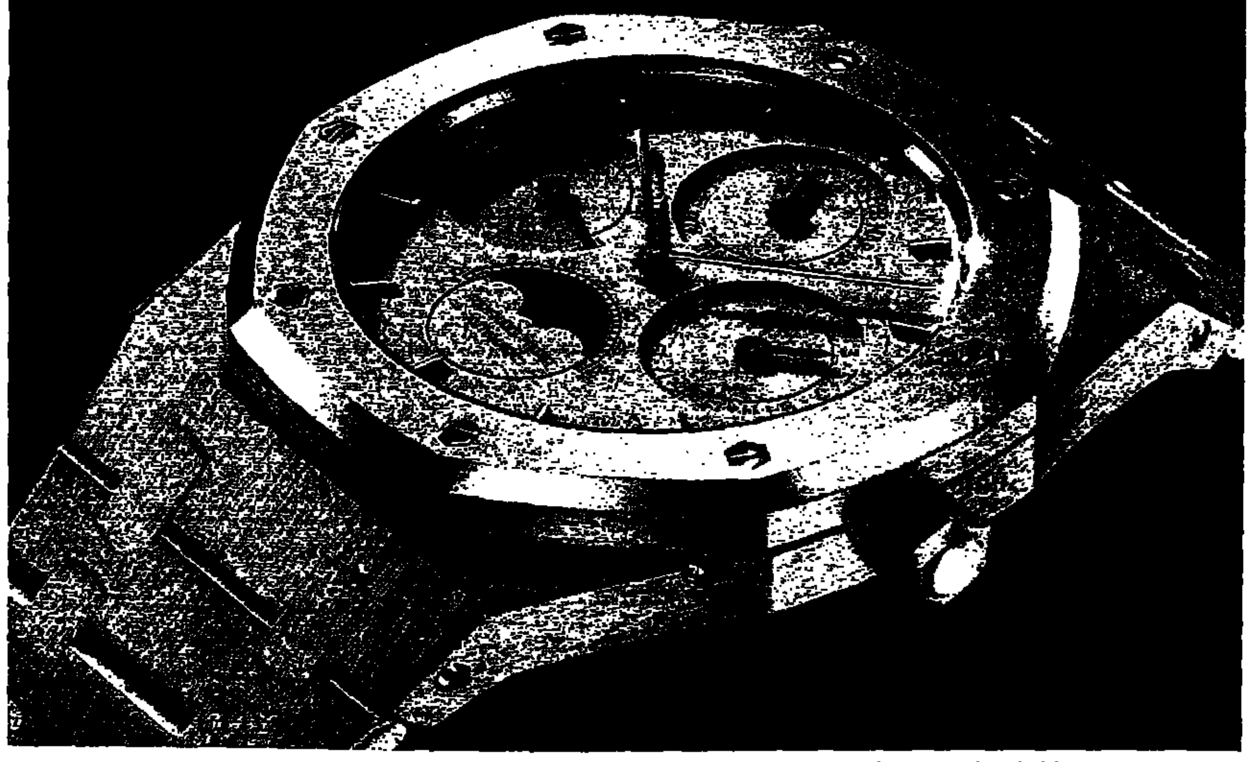

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Tuesday September 7 1993

Building a Eurocompany

SLOWLY, with one step back for every two steps forward, a new generation of truly European companies is taking shape.

Renault/Volvo, announced yesterday, can hope to build on the apparent success achieved by such recent combinations as Asea Brown Boveri, Reed Elsevier and GEC Alsthom. It must try to avoid the problems that beset Carnaud MetalBox and, a couple of decades before, the ill-fated merger between Dunlop and Pirelli.

The way for such ventures has been paved by two longstanding Anglo-Dutch success stories, Unilever and Royal Dutch-Shell; and also by the creation of genuinely pan-European operations by big US companies such as Ford, Exxon and General Motors.

Now Renault/Volvo seeks similar gains, going further than those permitted by the two companies' extensive collaboration agreements and cross-shareholdings.

European mergers must overcome three different barriers. First, they must resolve the practical questions of legal structure and corporate governance that bedevil all cross-border entities. The absence of a European company statute requires elaborate legal structures that add cost and complexity. At least one now-sundered merger would still be working, in its boss's opinion, if it had been indissolubly glued together under such a statute. The continued existence of two national companies made it too easy to break the venture apart. If an easy exit had not been available, the managers would have worked harder to solve their disagreements.

Workable structures

Even without a European statute, however, workable structures exist. More important are shareholders' expectations. The most successful cross-border ventures come from countries with similar capital markets and investment horizons. Conversely, the most acrimonious disagreements have arisen between companies based in Britain, on the one hand, and France or Italy, on the other. On this issue, Renault/Volvo is heading off into uncharted waters, not least because the French side is still state-owned.

The second task facing all such ventures is to build in practice the integrated pan-European business that they seek in theory. Here, American experience offers a cautionary lesson against over-optimism. Though Ford, for example, has had a high degree of integration in its European operations for decades, it is still grappling with the task of creating a single seamless structure to take a car from the drawing board to the production line and on to the showroom. The big oil companies are able to operate as pan-European buyers and refiners of oil; but too often the vagaries of local demand and regulation hamper integration further downstream.

Subtle barriers

In building their own seamless systems, the new European companies will benefit from the achievements of the single market programme. But just as important as the subtle barriers of regulation, market structure and customer taste are those created by the venture itself. In the early years of a merged company it is hard to avoid a production plan based, crudely, on sharing out the work. Only when bosses and workers no longer think in such terms is the company clearly on its way to success.

That leads to the managers' third task: creating an organisation that is colour-blind to nationality. Companies have a better chance of making a success of a cross-border merger if they already practice such an approach – as at ABB – or if they have a neutral ring-keeper to speak for the company as a whole. This was the solution Carnaud MetalBox adopted to resolve damaging polarisation between the group's French and British managers.

As they build a truly European company, the managers involved must always be aware of the wider markets in which they operate. The creation of the single European market is merely a symptom of the remorseless pressures of globalisation which no manufacturer can escape.

It is, perhaps, not the best augury for Renault/Volvo's success that its creation coincides with another "voluntary" agreement to restrain Japanese car exports to Europe. Only when its industries are self-confident enough to eschew such damaging "protection" will the European company truly come of age.

Mr Clinton's tricky agenda

IF ANY one expectation arose from Mr Bill Clinton's election last November it was that, as a Democrat, he could break the legislative "gridlock" by working with the majority in both houses of Congress. Yet his main achievement since taking office has been to scrape together, after months of lobbying, the narrowest of congressional majorities for a distinctly unadventurous budget. Within a few months now the political horizon will be dominated by next year's congressional elections. If the president has not by then firmly established his authority and used it to impose his own agenda he will be in severe danger of becoming the third out of the last four presidents to leave office after only one term.

The US political season opens today with a press conference at which the vice-president, Mr Al Gore, will announce his proposals for "reinventing government". In European terms this is partly about subsidiarity – letting lower-level civil servants get on with their jobs and take decisions without for ever referring to higher authority. In British terms it also contains a dash of "citizen's charter" – giving taxpayers guarantees of quicker and better service for their bucks. In American terms there is something even more familiar about it: a promise to cut the deficit by eliminating waste.

Such savings have generally proved illusory in the past. Perhaps Mr Gore will do better, but in any case his performance will only be the hors d'oeuvre. The substantial items on Mr Clinton's menu are healthcare and the North American free trade agreement.

Fragmented consensus

Health is the issue he has made peculiarly his own. He believes the uncontrolled escalation of healthcare costs is the single most urgent problem facing America, a view that is widely shared, not least in the business community. But, as the budget deficit issue shows, it is not enough to achieve consensus on the urgency or importance of a problem in general terms. Consensus quickly fragments when specific groups discover the problem is to be solved at their expense. The chances against Mr Clinton achieving a workable healthcare package on the first try do not seem promising.

But at least he will try. There is no danger of that issue going by default. It would be agreeable to say the same, with the same confidence, about the issue of free trade, whether in the North American regional context or the broader one of Gatt.

Deserves credit

Certainly Mr Clinton is on record as favouring both ratification of Nafta and an early conclusion of the Uruguay Round. He deserves much of the credit for the breakthrough achieved in Tokyo in July, and he can hardly be blamed if it is sabotaged by French threats to veto the Blair House agreement on agriculture which the EC negotiated with his predecessor. But while it is primarily for Europeans to deal with that European problem, there are many other items in the round still to be agreed, and they are unlikely to be so by the December deadline without intensive political involvement at the highest level.

Some US businessmen see Nafta as an alternative to the Uruguay Round, even a chance to punish Europe with a taste of its own regional protectionist medicine. That would be a good reason for opposing it, but there is little or nothing in the agreement to justify such an interpretation.

Those who oppose Nafta in the US, from Mr Ross Perot to Mr Ralph Nader and the environmental movement, the trade unions, and an awkwardly large number of Democratic congressmen, do so for other reasons. Mr Clinton has not surrendered to these lobbies, but his handling of them has dismayed the treaty's supporters.

That issue now cries out for real leadership, as do a number of foreign policy issues: not least the Bosnian imbroglio, where Mr Clinton's indecision cannot be excused by, even if it does not in turn excuse, the feebleness of his European allies. At home and abroad, he is now being compared with his last Democratic predecessor, Mr Jimmy Carter. If – as may be safely assumed – Mr Clinton strongly dislikes that comparison, he must realise he has only a short time left in which to prove it wrong.

Kevin Done says the merger of Renault/Volvo must be for better or worse, or neither may survive

Hard slog to make the marriage work

The intensity of the struggle for survival in the global auto industry is forcing Renault and Volvo to abandon the luxury of their protracted engagement. The marriage knot must now be tied – for better or for worse.

By the time the merger is completed on January 1 1994 to form Europe's second-largest and the world's sixth-biggest auto maker (by production volume), the courtship will already have lasted for nearly four years.

The sensitivities of the two sets of parents, the French state and Volvo's Swedish shareholders, could no longer be allowed to block an outright merger, if the savings of union were not to be frittered away in the cumbersome bureaucracy of Franco-Swedish joint corporate committees, which have increasingly run the alliance in the past three years.

The economic environment in which Renault and Volvo are operating has become harsher since the groups signed a letter of intent in February 1990 to enter a far-reaching partnership cemented with minority cross-shareholdings.

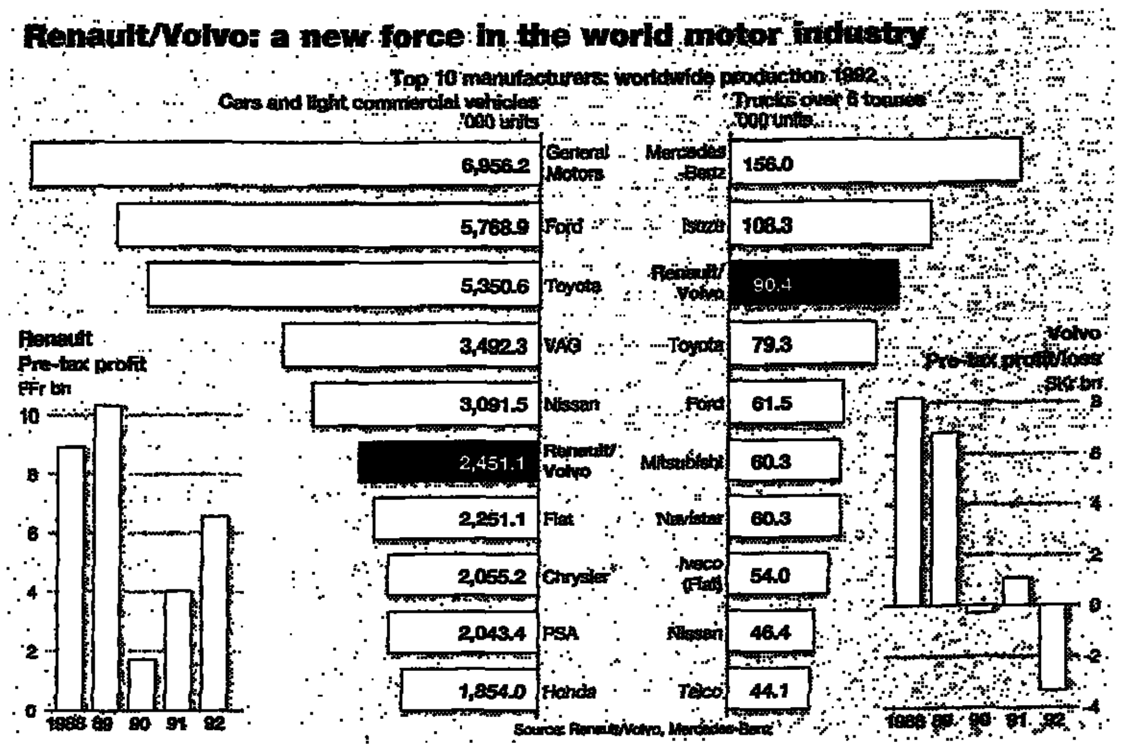
Now there can be no more half measures. Volvo has spent two of the last three years in loss, and while Renault achieved an impressive financial recovery in 1991 and 1992, this year its profits have begun to melt away again in the face of the precipitous decline in the west European markets.

Volvo has struggled back into the black in the first six months of 1993 but only after three years of painful restructuring that has included a cut of nearly a fifth in the workforce of its car operations, the planned closure of two car plants in Sweden and the closure of a truck plant in the US.

For its part, Renault has suffered an 87 per cent year-on-year drop in pre-tax profits in the first six months of this year after being in loss in the final quarter of 1992. In the first half of this year the Volkswagen group, Ford of Europe and Fiat Auto were all in loss, and PSA Peugeot-Citroën, Renault's arch domestic rival, is also forecast to report a loss.

Renault's relative success in the past three years and Volvo's deep problems are reflected in shareholding arrangements agreed yesterday.

What began in 1990 as a 50-50 alliance between would-be equals, has emerged as a 65-35 per cent arrangement in Renault's favour. "The shareholding arrangement of the new group corresponds to the relative worth of each partner as valued today," said Renault. (While all of Renault is included within the merged Renault/Volvo, it must be remembered, the group includes only Volvo's automotive operations. The Volvo parent company retains separately its marine and aero engine and food processing businesses and its pharmaceutical interests.)



"If you want to win you must go faster," said Mr Louis Schweitzer, chairman and chief executive of Renault, who will now become chief executive of Renault/Volvo. "The advantage of a complete merger is simplicity and speed. Agreement between two companies does not go as fast as managing a single group. Speed is of the essence, we must go beyond the limits of the co-operation to date."

Renault and Volvo claimed yesterday that the merger could generate savings of about FFr30bn (£3.4bn) before the year 2000 as costs are shared over a larger volume of production. "The potential savings resulting from a merger are significantly greater than what could be achieved within the present alliance," the companies said.

Adding to the financial and industrial muscle of the new group is the way Renault and Volvo largely complement each other in the car market. Renault, the volume carmaker whose Clio model was Europe's best-selling small car last year, is strongest in southern Europe, but with a growing presence in Germany and the UK. Renault is the leader in the European light commercial vehicle market, where Volvo is absent.

The Swedish group, primarily a maker of large, executive cars, is more focused on northern Europe, and has held on to a significant presence – by European standards – in the North American car market, where Renault has been absent since it sold its troubled stake in American Motors to Chrysler in 1987.

It is a different story in the heavy commercial vehicle industry, where Volvo and Renault compete directly both in Europe and in North America. Together they will represent the world's third-largest truckmaker (above 6 tonnes gross vehicle weight) behind Mercedes-Benz of Germany and Isuzu of Japan, the second-largest heavy truckmaker (above 15 tonnes) and the second-largest bus and coach maker behind Mercedes-Benz.

Whatever the muscle of the new group, however, the merger will only succeed if one plus one can equal more than two in market share and less than two in costs. The obstacles in the way of successful rationalisation remain formidable, and the benefits will not be won easily. "Management literature is full of warnings against big mergers," admitted Mr Pehr Gyllenhammar, chairman of Volvo who will also chair the supervisory board of Renault Volvo Automotive. "There are mergers that have turned sour, but there are many examples of success too. Being aware of the dangers, we can avoid many of the pitfalls.

"A major strength is that we have worked together in the alliance. It is a learning experience that few other corporations have had."

The big economies of scale will only be gained when the merged Renault/Volvo has succeeded in rationalising and integrating the respective car and truck ranges of the two companies. The group will try to ensure that its public face to the customers is little changed. It will fight intensely to keep the Renault and Volvo marques distinct to protect the value of the names. Showrooms and dealer networks will remain apart and the design and engineering departments will aim to make the products look different.

Under the metal skin of the products and behind the showroom façade all must change radically, however, as Renault/Volvo products seek to use as many common components as possible, to use common suppliers, common product platforms, common logistics, transport and computer systems, common media-buying for advertising and common offices for marketing and distribution.

Changing product generations can take more than a decade to complete. Volvo is at the start of the launch of a heavy truck range, which has taken seven years and an investment of SKr6.5bn to develop. The existing heavy truck range was launched in 1977, and the new one will not be replaced until well into the next decade.

It took the Peugeot group more than a decade to rationalise and integrate its Peugeot and Citröen ranges to the point where today they all have common platforms, engines and gearboxes, while maintaining a separate market identity.

Moreover, in the past three years of alliance, Renault and Volvo have already discovered that it has been more difficult to win synergy gains from the previously rival truck operations than from the more complementary car businesses. It is in trucks and buses that the biggest rationalisation gains could probably be found, but it is here that the turf wars are already most fierce.

The existing alliance was ill-suited to end such in-fighting with its ungainly structure of endless committees from the joint policy general committee (JGPC) to the joint car technical co-ordination committee (JCTCC), the joint truck technical co-ordination committee (JTTCC) and the Economic Interest Groupings (EIGs) for purchasing and quality.

The unified management will have to move quickly – but with great delicacy – to break this structure and create a common culture.

At least when Peugeot and Citröen were merged there was a common language. Now the common language of the group will be foreign to both, namely English. Some 90 per cent of Renault language training is now being devoted to English "to help improve communications between the two companies". The cultural divide is so thorny that another Renault/Volvo co-ordination effort is already trying to cope with the problem of summer holidays. Volvo closes in July and Renault in August.

As Renault/Volvo Automotive fights to survive in the global auto industry of the next century, the devil will be in the detail as the partners try to make their marriage last.

Big Three close ranks against the club

Guy de Jonquières argues for competition at the grocer

Whenever businessmen protest about lack of a "level playing field", consumers should be on their guard. Such complaints turn out all too often to be thinly veiled petitions for special treatment or relief from competitive problems of producers' own making.

The latest aficionados of football metaphors are J Sainsbury, Tesco and Argyll, Britain's three largest supermarket chains, which have ganged up to challenge in the High Court plans by Costco, a leading US operator of cut-price warehouse clubs, to open its first UK outlet.

The supermarkets are crying foul because Costco has been granted local authority planning permission which does not classify it as a retailer. That, they argue, gives the company an unfair advantage over established shopkeepers, which must pay much higher prices for sites earmarked specifically for retailing and are subject to more onerous bureaucratic procedures. All the Big Three say they are asking for is clear rules, fairly enforced.

Their high moral tone is curiously at odds with their stampede two years ago to open their stores on Sundays, in defiance of an even more confused legal situation. But it also masks a more fundamental inconsistency. For the playing field on which the large supermarkets compete – and which they have helped to shape – is far from level. Increasingly, it has been to their advantage.

The Big Three have often been accused of earning immoderate profits by keeping food prices high, on the grounds that their pre-tax margins are double or more those of continental food retailers. They, in turn, have responded that such comparisons are flawed, and have insisted that they be judged by their return on capital, which is much closer to levels across the Channel.

The problem with this argument is that the amounts of capital they invest are vastly greater – about five times more per square foot of store area than French supermarkets, according to a recent study by stockbrokers UBS. In a race to open ever more lavish superstores, costing as much as £40m each, the Big Three have in the past five years invested almost £10bn – about 2.5 per cent of total fixed capital formation by the private sector.

Financial muscle is as vital as product range and marketing skills in determining pecking order

Much of this sum reflects freehold property costs, which can account for half or more of the total cost of a superstore. But it is too easy just to blame a shortage of suitable land. The Big Three have also energetically bid up property prices. Their readiness to pay what other retailers regard as exorbitant figures has increasingly meant they have been the only bidders for prime sites.

In effect, financial muscle has become as important as product range and marketing skills in determining the industry pecking order. Intentionally or not, high property prices have raised barriers to entry and hastened the exit of weaker players. Recent government efforts to discourage further out-of-town retail developments seem likely to discriminate in favour of those already operating by sheltering them from fresh competition.

Always provided, of course, that food superstores remain as big moneyspinners as their owners hope. Their ability to do so depends heavily on continuing to achieve the exceptionally high sales volumes per square foot needed to recoup their capital costs. That in turn means enticing large numbers of affluent and mobile consumers to do more and more of their shopping – for items which have expanded to include toiletries, petrol and magazines, as well as groceries – under one roof.

Increased UK competition from hard discounters, such as Aldi of Germany, which sell groceries at bargain-basement prices, poses a threat to this formula. On its own, the threat is probably containable while such stores mostly continue to sell a narrow range of goods from dingy high-street premises frequented by poorer consumers. But warehouse clubs, offering a huge array of products, from baked beans to video-recorders, at even lower prices from vast hangars, seem likely to compete for a far bigger share of superstore customers' disposable income.

For the Big Three, that possibility raises the dread prospect that all the capital they have sunk in superstores will not produce a goldmine, but a bottomless pit. While they await the outcome of the High Court deliberations, the rest of us may care to ponder what kind of a regulatory regime encourages grocers to compete so strenuously to enrich land owners, and how much better off we might be if it did not.

OBSERVER

Southern suitor

■ Competition between five US Southern states to get a new Mercedes-Benz plant with a price tag of some $300m is warming up, but Governor Zell Miller of Georgia may have stolen a march on his rivals by going to Stuttgart today.

Miller would naturally love to have both the plant and the 1,500 jobs that are likely to come with it.

But his devotion to the cause has an extra dimension; he has just announced his intention to run for re-election next year. What better way of starting his campaign than by winning a foreign investment plum like Mercedes?

In the past Miller has opposed offering financial incentives to investors in Georgia, unlike the other suitors for Mercedes' hand – North Carolina, South Carolina, Tennessee and Alabama. In 1992 South Carolina persuaded BMW to site a new factory there; incentives such as land, tax-breaks and worker training, worth some $100m, are thought to have considerably helped its cause.

But Miller may be able to call upon powers other than the purely financial. He is after all very close to president Bill Clinton, and he made a key speech to the Democratic convention which nominated Clinton.

Moreover, Mercedes-Benz may never know when it needs a friend in the White House, particularly in these troubled times for the world's automobile business. Miller should learn later this month whether his powers of persuasion have been successful.

Like father, like son

■ Will the Foundation for Manufacturing and Industry – a new body which kicks off today with the mission of bolstering the UK's non-service sector – be just another think tank, or will it genuinely help to galvanise the economy?

It has an impressive pedigree, with corporate backers including blue-chip companies such as British Airways, Glaxo and Unilever.

And its governing council is staffed by some of the UK's more eminent business figures, led by Sir Trevor Holdsworth, chairman of National Power and former president of the Confederation of British Industry. Its council includes former FT editor Sir Geoffrey Owen (now director of the LSE's centre for economic performance); Sir Michael Richardson, chairman of Smith New Court; and Douglas McWilliams, the CBI's former chief economist.

McWilliams, 41, this year left the CBI to set up his own think tank, the Centre for Economics and Business. He says that part of his outfit's services to companies is advising how to hire outside consultancies for important but non-core activities.

His advice to FMI will no doubt come in useful. It can also be guaranteed a hearing. For his father, Sir Francis McWilliams, will, on retiring from his year as London's Lord Mayor in November, become chairman of the FMI's trustees.

'I wouldn't like to be in charge of workforce integration'

City Soccer

■ It's not yet the stuff of schoolboy fiction. Francis Lee, former England football star, denies wanting to buy up Manchester City, his old club, despite tabloid rumours to the contrary.

Lee was gruff yesterday about gossip suggesting he was making an £8m hostile bid, though he did say his substantial investment might be available, if shareholders and supporters were interested.

Lee scored on his debut, in 1960 aged 16, for Bolton Wanderers. Two years later he transferred to City. But despite his soccer talents, he quickly spotted he might need another way of making a living. After asking for a pay rise, the Bolton manager of the day told him he was merely a labourer.

Lee thus started trading in waste paper, quickly realising the big money was in recycling it as toilet tissue. In 1984, he sold out to Hazlewood for £8m. On the Hazlewood main board, he now finds his greatest professional joy in training horses at his highly successful racing stable in Cheshire.

Accidental tourist

■ Good news for holiday-makers – both royal and non-royal – going to Bali: there is more room to play. Population density has shrunk from 815 to 503 people per square kilometre because the number of square kilometres has increased by 62 per cent to 539,458.

While the economy of Indonesia grew by 6 per cent in 1992, the number of islands in the world's largest archipelago rose by 28 per cent to 17,508.

But although it is a highly volcanic region and islands can literally come and go, this latest surge is probably the result of satellite photography, which allowed a more accurate count.

But an official of the government's National Development Information Office explains: "Another suspicion is that it depends on the level of the tide. Don't plan to travel to most of them," he adds.

Belting round

■ As we all know, God – or god, depending on your faith – moves in mysterious ways.

But there is little mystery in the Church of England's latest appointment, that of the Right Reverend John Hind, 48, as the new bishop of Europe.

For Hind appears to have several useful qualifications for the job, including an interest in languages and physical fitness. Currently bishop of Horsham, Hind will need plenty of stamina to rove across one of the largest dioceses around.

Canon David Palmer, who runs the European diocese gazette, says Hind's beat will cover "Scandinavia to Casablanca and from Madeira to Ankara", 110 chaplaincies altogether.

Clerics throughout Europe must be hoping Hind does not find much need of his other hobby – he is a Black Belt in judo.

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WORLDWIDE EXPERTISE AND RESOURCES

West gives up hope of Russian economic reform in near future

By John Lloyd and Leyla Boulton in Moscow

THE MAIN western states have given up hope that economic reform in Russia can be carried through in the near future and are unlikely to offer further assistance this year, according to foreign diplomats and officials in Moscow.

A mission from the International Monetary Fund is due in Moscow later this month to review progress on the reform programme – but is likely to confirm its view, already made known to the Russian leadership, that payment of the next $1.5bn tranche of its transformation facility, or any other payments, cannot be made this year.

Besides the $1.5bn, the World Bank has ceased negotiations on a $600m rehabilitation loan – designed to support the budget – because of the deterioration of the reform programme. However, a $610m loan to the oil industry, signed in Moscow a month ago, will go through.

At the same time, the Russian government is convulsed by a debate about economic policy, as proponents of two concepts of reform battle for the approval of Mr Boris Yeltsin, the Russian president. Mr Oleg Lobov, the first deputy prime minister, has privately presented a document to Mr Yeltsin calling for a greatly loosened macro-economic policy. It argues that the tight policy pursued by Mr Boris Fyodorov, the finance minister, has both forced down production and pushed up inflation.

"Such a course only discredits the policy of reform," he says, urging increased investment in key industries and an end to the system of privatisation by vouchers.

Mr Fyodorov has pushed through a strategy which would restore a 7 per cent cut in VAT, levy new duties on imported goods, put up local sales taxes, cut the indexation of wages and reduce the price the state pays for grain. These measures are expected to bring in Rbs5,000bn-Rbs6,000bn – but involve a direct contradiction of decisions taken by parliament.

The west's financiers would find it hard to support a policy which has not been subjected to a parliamentary vote.

While Mr Fyodorov's policy has been approved "in principle" by the government, the line of argument being pushed by Mr Lobov – a close friend of Mr Yeltsin, who outranks Mr Fyodorov in the government – is attracting more support.

Yeltsin's generals fear leading phantom army, Page 2

Gaullist boost for Chirac as presidential candidate

By David Buchan in Paris

THE UNEASY JOSTLING over who will carry Gaullist colours into France's 1995 presidential election looks set to increase after a weekend rally confirmed Mr Jacques Chirac's strength within the party, as distinct from an electorate increasingly seduced by his prime ministerial protégé, Mr Edouard Balladur.

At a Strasbourg rally of young Gaullists marking the start of the political year, Mr Chirac paid loyal tribute to Mr Balladur, for "governing France well" over the past five months, and pledged "unfailing and unreserved support" to his "friend of 30 years".

But Mr Chirac made clear that he has not presided over the Gaullist RPR party for nearly 20 years just to act as kingmaker for someone else.

Other speakers, particularly those outside the Balladur government, stressed their undimmed desire to see Mr Chirac in the Elysée.

Mr Philippe Séguin, president of the national assembly, hailed Mr Chirac as the chief architect of the conservatives' success. Only Mr Chirac's "personal charisma" could carry the presidential election, Mr Séguin suggested.

Economy on course ....Page 3
Plans to reform pay-TV and cable ....Page 3

This hardly concurs with last week's Louis Harris poll that some two-thirds of French thought Mr Balladur had a better chance of winning in 1995, and would make a better president than Mr Chirac. But it may move Mr Chirac towards Mr Séguin and the latter's scepticism about the Maastricht treaty and criticism of the government's financial orthodoxy at the expense of employment – a direction in which the Gaullist party leader would probably like to move anyway.

So far, Mr Balladur, whose standing may well dip if economic recovery is slow, has resisted any temptation from the polls to declare an interest in the Elysée. But if he does so, France's fractious conservatives still have not organised a way of fielding a single presidential candidate. Two years ago, in opposition, the RPR and the centre-right UDF formally promised to do this by means of a US-style presidential primary election. Now, in the comfort of power, they have taken no action to make this a reality.

Veba to increase planned job cuts

By David Waller in Frankfurt

VEBA, one of Germany's largest industrial groups, is stepping up its already extensive programme of job cuts in response to the crisis in the European chemicals industry.

The Düsseldorf-based group, active in energy, chemicals and transport, said yesterday it planned to cut a further 3,500 jobs by the end of next year, bringing the total to 10,000 – about 10 per cent of the workforce.

Veba, which recently reported half-year pre-tax profits down by 12 per cent to DM782m ($471m), said it had been suffering considerable losses in the plastics, rubber and petrochemicals sector from the second half of last year. It blamed the domestic economy, combined with severe price pressure caused by a flood of cheap imports from east Europe.

There was no option but extensive rationalisation, including job cuts, to reduce the cost base, Veba said. Together with other steps, the latest planned job losses would save DM1.2bn a year.

Some 3,000 of the extra job reductions will fall on the Hüls subsidiary, which makes polyethylene, polypropylene and PVC, taking the total losses there to 8,000, 20 per cent of the workforce. Another 500 will be shed from Veba Oel: the bulk of the cuts will be achieved through early retirement and other voluntary schemes.

The dire state of the German chemicals industry has been underscored recently by last month's appalling results from the big three chemicals concerns.

Profits at BASF fell by 51 per cent in the second quarter of the year and Hoechst reported a 31 per cent drop in first half earnings. Bayer predicted a 20 per cent fall in full year earnings.

Israeli envoy sees Palestinian state

Continued from Page 1

committee. According to the text, Mr Yassir Arafat, PLO chairman, will say: "I am turning to the residents of the territories to return to a normalisation of lives between both sides."

Mr Rabinovich's comments on the possibility on an independent Palestinian state, no matter how tentative and exploratory, will further enrage Israel's rightwing. Mr Yitzhak Shamir, the former Likud prime minister, yesterday declared that the Jewish state's "very existence was at stake".

Rightwing settlers in Jerusalem said they would barricade the office of Mr Yitzhak Rabin, the prime minister, for up to two days starting today. "There may be a severe clash between the police and the demonstrators ... with several thousand arrests," said Mr Aharon Domb, secretary-general of the Council of Jewish settlements in the West Bank and Gaza Strip.

Aid fund proposed for Middle East

Continued from Page 1

have been in a state of war for 45 years.

A team from the French commerce ministry is in Israel this week studying the possibility of a road between Alexandria in Egypt, Israel, Syria and Turkey, which would enable trucks to carry goods overland from the Middle East to Europe.

"Projects that once seemed utopian now seem realistic and increasingly feasible," said Mr Dan Gillerman, chairman of the Israeli Chamber of Commerce, who has been discussing potential projects with European and US companies and with an array of leading Arab businessmen. Mr Gillerman said he expected total investment in the region from foreign aid and business capital to exceed $5bn in the first five years of peace.

Assuming the ːoney is available, other projects could include oil or gas pipelines from the Arabian peninsula to the Mediterranean coast; a programme to integrate the electricity grids of Jordan, Syria, Lebanon, Israel and Egypt, which might save billions of dollars by eliminating waste; and a water desalination plant run on electricity generated by hydro-power from a canal between the Red Sea and Dead Sea.

Mr Alain Juppé, the French foreign minister, said yesterday: "We are going to play a role in leading our EC partners to increase economic and financial aid (to the West Bank and Gaza Strip) because so much is at stake there."

THE LEX COLUMN

Renault takes the wheel

Given Volvo's waning fortunes in recent years, it is no surprise that its French partner should have come out on top in its automotive merger negotiations. Not only has Renault taken a two-thirds stake in the new company; the merger comes as Volvo's earnings are starting to improve following the Swedish krona's devaluation and a period of rigorous cost-cutting. Renault, now suffering from the downturn in the European car market, has effectively acquired what might be termed a recovery stock, with some exposure, albeit small, to the US car market.

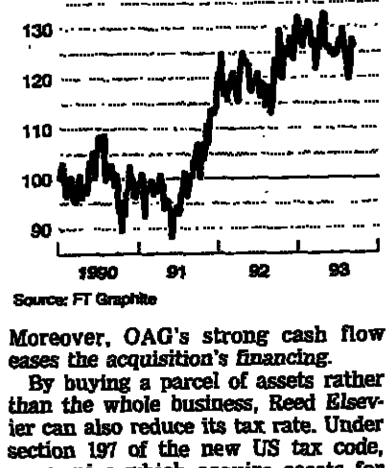
The danger is that the new combine will be too ready to believe its own propaganda about cost benefits. Its claim to be able to generate savings of FFr30bn by 2000 can be little more than guesswork. The real test will be how well the companies manage to fuse two different cultures without destroying the value of the Volvo brand, and how the new model development goes. Many of the other supposed benefits were available under existing collaboration.

Having decided that it is better to own 35 per cent of a large automotive company than all of a small one, Volvo is in a curious position. Its automotive interests will remain its largest part, but it will have no direct control over them. One assumes that a desire to take charge of its own destiny will inevitably lead it more deeply into its remaining consumer goods activities. In that case, a sale of at least its 17.85 per cent direct stake in the new company would be on the cards eventually. Yesterday's deal would then be seen as just a stage in a longer farewell to the motor industry.

FT-SE Index: 3059.0 (+1.7)

Reed International

Share price relative to the FT-A All-Share Index



Source: FT Graphite

Reed Elsevier/OAG

Reed Elsevier's acquisition of the assets of Official Airline Guides buffs up the company's reputation for shrewd, if unspectacular, dealing. The structure of the deal, in particular, which enables Reed Elsevier to take advantage of recent changes in US tax legislation typifies its adroitness.

At first glance, the $417m outlay, representing an exit multiple of about 13 times stated earnings, seems a full price for a mature business facing stiff competition from airlines' own electronic reservation systems. But Reed Elsevier has scope to cut OAG's back office costs by pooling some operations with its existing ABC World Airways Guide. This should ensure the deal enhances Reed Elsevier's earnings within the first year. Moreover, OAG's strong cash flow eases the acquisition's financing.

By buying a parcel of assets rather than the whole business, Reed Elsevier can also reduce its tax rate. Under section 197 of the new US tax code, companies which acquire assets for more than their book value are able to deduct tax on the goodwill they are required to amortise over the following 15 years. This should usefully help Reed Elsevier over the long term, given the acquisition may contain as much as $300m of goodwill. The new wrinkle in the US tax code could affect many other purchasers of branded goods or intellectual property. Significantly, perhaps, the shares of some unfashionable US consumer goods stocks have perked up in anticipation that some tax-efficient asset shuffles may be on the way.

Italy

Italy has lost the initiative since its privatisation plans were unveiled at the end of last year. While government has been mired in corruption and intrigue, privatisation has stalled. Modest trade sales by IRI, the industrial holding company, mark the limit of success. The timetable now envisages share offerings in three state-owned banks – Credito Italiano, BCI and IMI – by the year-end. France will begin its own programme by offering shares in BNP. So competition for international funds will be intense.

Since the banks need less by way of restructuring than industrial candidates for privatisation, Italy has little option but to press ahead. The big savings banks will also have to shepherd private investors out of government bonds into equities if privatisation is to succeed. Without an established system of private pension schemes, Italy cannot rely on institutional investors alone. Fiscal incentives for equity investment might help the migration of savings, but the process might lack credibility unless the banks are in private hands.

Although the banks should also feel early benefit from any further cuts in interest rates, the outlook is far from cloudless. The collapse of Ferruzzi has raised questions about the credit controls applied by Italian banks. A restructuring agreement for Ferruzzi would reassure that the banks' exposure is now under control. An equitable solution might equally soothe nerves among international investors about the kind of treatment shareholders in privatised companies might expect.

Liberty

Liberty's argument for not enfranchising its non-voting shareholders looks circular. True, the three-to-one proportion of voting to non-voting shares means that a scrip issue for the voters by way of compensation would lead to a much higher dividend bill. Great Universal Stores did not face that problem because only 2 per cent of its shares carried voting rights. Since the current payout is only just covered by earnings, Liberty has pragmatic reasons for waiting for profits to recover before taking the plunge.

But the longer an earnings recovery is delayed, the more Liberty will need an infusion of new blood. Even allowing that family interests would control the majority of the votes after enfranchisement, pressure from outside shareholders might encourage change. Mr Patrick Austen, the new chief executive, deserves a fair crack of the whip. If there is no sign of progress next year, though, the case for enfranchisement will be compelling – even if that means cutting the dividend.

Companies which maintain non-voting shares and are making decent profits have no excuse for stalling. For non-voting shareholders, there is always a trade-off between dilution and the benefits of full democracy. When profits are rising enfranchisement might not seem worth the cost, but the ability to influence management matters most on the downswing. When it moves to modern standards of disclosure next year, Schroders will have an opportunity to overhaul its capital structure too.

ADVERTISEMENT

NEWS REVIEW

BUSINESS

Australian team to bid for Royal Australian Air Force P-3C update

■ Ferranti Computer Systems (Australia) Pty Limited (FCSA) has been selected to participate in a team bid for the refurbishment of the Royal Australian Air Force's P-3C Orion maritime patrol aircraft.

The bid is led by Rockwell Systems Australia Pty and other team members include Australian Defence Industries and the North American Aircraft Modification Division of Rockwell International. An Australian aircraft modification subcontractor will be selected after source selection is finalised.

The P-3C Refurbishment Programme will enhance mission system avionics and reduce aircraft weight in order to extend service life into the 21st century. A new Operational Mission Simulator and systems engineering laboratory at RAAF Base Edinburgh in South Australia are also required.

FCSA is responsible for the Operational Mission Simulator which will be bid in conjunction with the Simulation and Training arm of Ferranti International. This arrangement provides access to high fidelity simulation technology developed in the UK for operator and crew training.

Ferranti has long been a supplier of training systems for Australia's armed forces. Former projects include the existing P-3C mission support facilities as well as sonobuoy acoustic simulators and mission simulators for Sea Hawk and Sea King ASW helicopters. Ferranti has also supplied submarine and surface ship command team trainers in service at HMAS Watson.

As well as maximising indigenous support for the mission simulator, the P-3C Refurbishment Programme will transfer technology enabling Ferranti Computer Systems (Australia) to exploit this capability into other P-3 upgrades.

Computer maps help emergencies

■ Ferranti International has supplied a PC-based map database system for the Kent Fire Brigade. The system has been installed at the Brigade's headquarters in Maidstone to enhance the facilities of the Ferranti 'Clarion' mobilising system.

In addition to maps the database also contains continually updated information on the disposition of available personnel and resources. In dealing with an emergency the individual operators can now call up a relevant map centred on the incident together with details of resources and overlays highlighting features of special interest.

The map database is compatible with both the Ordnance Survey and local authority Geographical Information Systems. It can also be maintained and updated by the Brigade's own staff using identical material to the maps supplied to the vehicle crews. Different scale maps are incorporated ranging from an outline of the county boundary to standard Ordnance Survey and town street maps, trading estates and factory plans.

The database also accommodates details of warehouses and other commercial or industrial facilities, enabling the operator to advise the crew on the nature of the plant, key-holders and any special safety precautions and procedures concerning the site.

Ferranti to provide sonar simulation modules for RN.....

■ Simulation modules for the Royal Navy's Towed Array On-Board Trainers (OBT) are to be developed by Ferranti Simulation and Training under subcontract to sister company Ferranti-Thomson Sonar Systems UK.

OBT equipment extends the availability and scope of operational systems for training either at sea or in harbour, by providing electronically created sonar contacts.

The software modules generate high fidelity acoustic stimulation for the three towed array sonar variants currently in service with the Royal Navy on its ASW frigates, SSN and SSBN submarines. Each will include comprehensive facilities to represent multiple targets, environmental effects and array dynamics.

Designed to be transportable between vessels, the OBT hardware comprises a single interface box which is controlled by a laptop computer. Key elements such as a Ferranti designed digital signal processor card as well as proven acoustic frequency analysis technology are derived from the Company's range of shore-based command team trainers.

....and switchboards to USN

■ Power switchboards supplied by Ferranti Technologies Inc (FTI) of Sumter, South Carolina have been qualified for installation on the US Navy's new MHC-Class Coastal Minehunters.

Only final ship acceptance remains before the first vessel of the class is ready to start her official duties on the high seas. She is the lead ship of a potential seventeen ship class, twelve of which have been ordered between two major US yards. FTI Sumter is under contract to supply the principal power distribution equipment for all twelve.

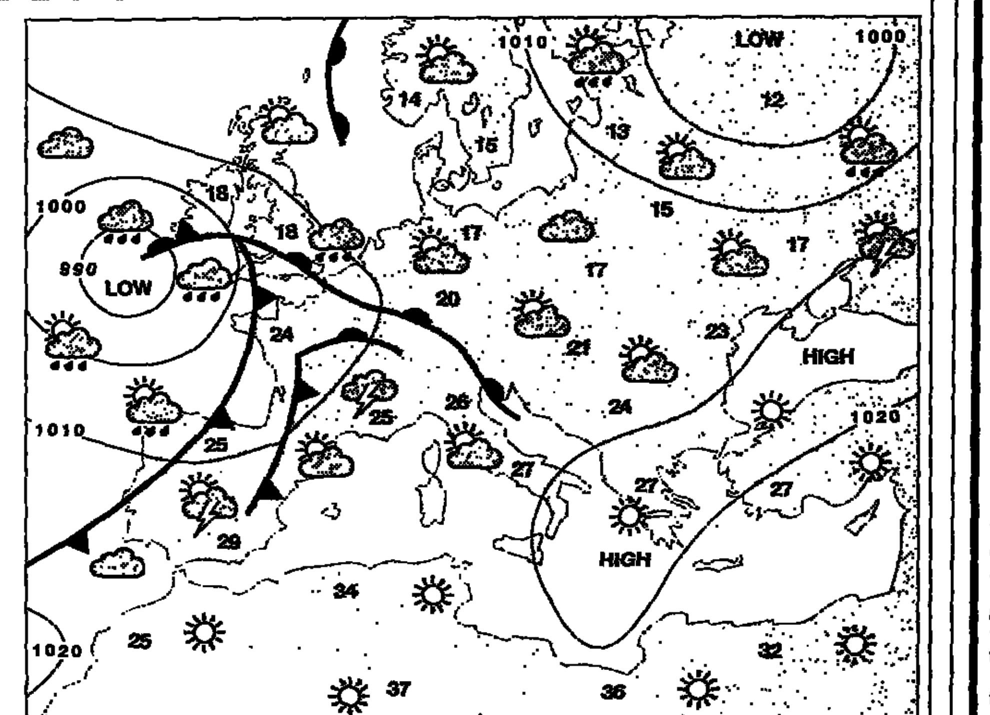
FERRANTI INTERNATIONAL

RFT/03/083/6J

FT WORLD WEATHER

Europe today

A strong low pressure area will approach Ireland causing near gale southerly winds in south-western regions. During the morning, a frontal zone will move over the south-western British Isles, Brittany and north-western Spain, bringing showers. High pressure north-east of Scotland will keep conditions dry with sunny intervals around the North Sea. Moderate to strong winds will circulate around low pressure over the northern CIS. A warm front moving through eastern Europe will be accompanied by thunder showers. High pressure over south-eastern Europe will keep the Mediterranean sunny and warm but thunder showers will develop in north-western Spain and southern France.



Five-day forecast

Depressions will move over the British Isles bringing strong winds and showers. Warm breezes from the south-west over northern France and the Low Countries will produce unsettled conditions at first. High pressure will expand over Scandinavia and eventually over the northern CIS bringing more settled conditions. High pressure over the eastern Mediterranean will weaken, allowing thunder showers to develop over Italy and Greece.

TODAY'S TEMPERATURES

Forecasts by Meteo Consult of the Netherlands

		Maximum Celsius
Abu Dhabi	fair	40
Accra	thund	29
Algiers	sun	34
Amsterdam	fair	21
Athens	sun	26
B. Aires	rain	13
B.ham	rain	18
Bangkok	thund	29
Barcelona	cloudy	26
Beijing	fair	28
Belfast	cloudy	18
Belgrade	fair	25
Berlin	fair	18
Bermuda	fair	30
Bogota	shower	19
Bombay	rain	30
Brussels	thund	23
Budapest	fair	21
C.hagen	fair	16
Cairo	sun	38
Cape Town	fair	19
Caracas	fair	29
Cardiff	cloudy	18
Chicago	sun	22
Cologne	fair	23
D' Salaam	cloudy	28
Dakar	fair	30
Dallas	sun	35
Delhi	shower	35
Dubai	thund	38
Dublin	shower	16
Dubrovnik	sun	24
Edinburgh	fair	16
Faro	cloudy	24
Frankfurt	fair	24
Geneva	shower	22
Gibraltar	fair	28
Glasgow	cloudy	17
Hamburg	fair	16
Helsinki	shower	13
Hong Kong	thund	31
Honolulu	sun	31
Istanbul	sun	22
Jersey	thund	19
Karachi	cloudy	32
Kuwait	sun	42
L. Angeles	fair	25
Las Palmas	fair	27
Lima	fair	20
Lisbon	thund	22
London	shower	21
Lux.bourg	shower	22
Lyon	thund	24
Madeira	fair	25
Madrid	thund	26
Majorca	shower	29
Malta	sun	28
Manchester	cloudy	19
Manila	rain	30
Melbourne	fair	18
Mexico City	fair	23
Miami	thund	32
Milan	shower	24
Montreal	fair	20
Moscow	windy	12
Munich	fair	22
Nairobi	thund	24
Naples	fair	28
Nassau	thund	31
New York	fair	27
Nice	fair	25
Nicosia	sun	30
Oslo	fair	17
Paris	thund	24
Perth	fair	15
Prague	fair	19
Rangoon	shower	27
Reykjavik	cloudy	12
Rio	sun	28
Riyadh	sun	41
Rome	fair	27
S. Frsco	fair	24
Seoul	shower	26
Singapore	cloudy	32
Stockholm	cloudy	13
Strasbourg	fair	25
Sydney	fair	21
Tangier	sun	25
Tel Aviv	sun	31
Tokyo	shower	27
Toronto	sun	21
Tunis	sun	34
Vancouver	sun	22
Venice	fair	23
Vienna	fair	22
Warsaw	cloudy	17
Washington	fair	28
Wellington	fair	8
Winnipeg	shower	18
Zurich	shower	23

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INSIDE

Thorn EMI shares fall on warning

Shares in Thorn EMI fell 21p to 983p yesterday after shareholders were warned that profits from security and electronics would be no greater this year than last and that the group's tax rate would increase. Page 22

Mannesmann strength

Even though half-year results at Mannesmann, one Germany's largest industrial companies, were dire its shares have displayed remarkable strength. Page 22

Men behind the merger

Mr Louis Schweitzer, will be in charge of the merged industrial operations of Renault and Volvo but for Mr Pehr Gyllenhammar, who has led Volvo for 22 years, yesterday's merger was something of a paradox. Page 23

US dollar boosts Bunzl

The strong US dollar helped Bunzl, the paper and packaging group, to report a 20 per cent increase in pre-tax profits in the half-year to the end of June. Profits rose from £21.7m to £26m ($40m) on increased sales of £728.8m (£632.2m). Page 27

Laird cashes in on currencies

Exchange rate movements helped to lift first-half pre-tax profits at Laird Group, the maker of car components and industrial products which makes more than 80 per cent of its money overseas. Page 27

British Vita trips on Spanish steps

British Vita, the plastics and foam company, reported a 39 per cent fall in pre-tax profits in the half year to end-June. The result was affected by the cost of closing its loss making Spanish operations. Page 28

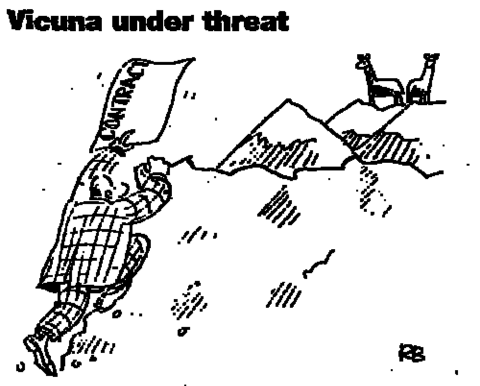
Fairey rises 26%

A strong performance in the main operating divisions of Fairey, the specialist electronics and engineering group, helped pre-tax profits rise 26 per cent for the half-year. Page 28

ASW returns to the black

ASW Holdings, the Welsh-based steel products group, returned to the black in the first half of 1993 and announced a £10m ($15.3m) scheme to cut costs at one of its Cardiff rolling mills. Page 30

Vicuna under threat



The herds of vicuna, South America's shy camelid, which roam the Peruvian Andes, are falling prey to gangs of international rustlers. Selective exploitation of the live-shorn vicuna is allowed, and several companies specialising in luxury fibres have been in Peru recently hoping for an agreement. Page 32

Tel Aviv soars on peace talks

Israeli optimism about an imminent Middle East peace agreement coupled with favourable economic indicators have sent stocks soaring on the Tel Aviv stock exchange to record highs. Back Page

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Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Zanders Feinp	203	+	10
Falls			
Douglas Hldg	537	–	13
Goldschmidt	580	–	20
Lahmeyer	738	–	12
Metallges'ft	349	–	14.1
Volkswagen	372	–	7.7
PARIS (FFr)			
Rises			
Dassault	4890	+	139
Radiotechn	356	+	22
Falls			
Bancaire Cie	605	–	13
Elf Aquit Cts	349.6	–	10.7
Intertechnique	591	–	13
UFB Locabail	403.6	–	14.4
TOKYO (Yen)			
Rises			
Aderans	2800	+	280
Atsugi Nylon	682	+	27
Yamaichi Sec	852	+	28
Falls			
Fuji Kisen	379	–	31
Olympus Optcl	1180	–	100
Ryobi	642	–	30

New York closed.

LONDON (Pence)			
Rises			
Bletchley Mtr	335	+	25
Clinton Cards	163	+	9
Cooper (F)	80	+	6
Cussa	130	+	13
Environmed	118	+	7
Euro Disney	730	+	20
French Conncin	178	+	8
Harrington Kl	250	+	16
Haynes Publshg	455	+	37
Isotron	285	+	15
Mayflower	62	+	5
Office & Elect	83	+	6
Osborne Little	163	+	10
Prowting	154	+	11
Rexmore	56	+	6
Rugby	279	+	17
Simon Eng	68	+	6
Southern Radio	62	+	5
Tadpole Tech	236	+	26
Wyevale Garden	182	+	11
Falls			
ASW	214	–	10
Blenheim	415	–	20
British Vita	243	–	17
Thorn EMI	983	–	21

Sliding Alusuisse warns on payout

By Ian Rodger in Zurich

ALUSUISSE yesterday reported an unexpected 42 per cent slide in first-half net income to SFr49m ($35m). It warned of a 20 to 30 per cent fall in earnings for the full year and a possible dividend cut.

The bad news sent shares of the Swiss aluminium, fine chemicals and packaging group tumbling. The bearer shares ended SFr20 lower at SFr510 on the Zurich börse.

Alusuisse, which has been struggling for three years to reduce its dependence on the volatile aluminium business, was again badly hurt by the sector's disarray.

Group sales in the first half fell 6 per cent to SFr3.15bn, including a 12 per cent slump in aluminium revenues to SFr1.37bn.

Operating profit was off 24 per cent at SFr152m, as profits from continuing aluminium businesses dived 47 per cent to SFr46m. Four aluminium subsidiaries in Germany, which are being run down or sold, recorded operating losses of SFr42m.

Mr Theodor Tschopp, chief executive, pointed out that in 1989 the four German subsidiaries yielded operating profits of DM100m ($60m), whereas this year they would lose DM100m in spite of aggressive cost-cutting.

It blamed the structural crisis in aluminium on unfair competition from government-subsidised smelters and low-cost imports from eastern Europe.

Mr Tschopp foresaw no return to "the old intact, ideal world" in aluminium. The group would continue to eliminate operations that had no future, and would concentrate on building its chemicals and packaging businesses.

Its chemicals division raised operating profits by 17 per cent to SFr88m, in spite of flat sales of SFr791m. The performance of fine chemicals for life science applications made up for sluggish sales and prices in primary materials for plastics.

The 12 per cent rise in packaging division sales, to SFr736m, was attributed to the transfer of activities from the aluminium division. Operating profit was flat at SFr63m.

Mr Tschopp said there was no sign of recovery in most of the group's markets. As the second half tended to be seasonally weaker than the first, he forecast that consolidated net income for the year would slide to between SFr80m and SFr100m, compared with last year's SFr121m.

Mr Hans Jucker, chairman, said maintenance of the dividend would depend on "the progress of our restructuring measures, the general economic situation and the start of the new year".

Patrick Harverson finds fund managers divided on the future of the US bond rally

Signs of vertigo grow as market reaches summit

Last week, more than two years into one of the strongest rallies in the history of US bond markets, long-term interest rates dropped below 6 per cent.

By the close of trading on Friday, the yield on the benchmark 30-year government bond stood at 5.94 per cent, three quarters of a percentage point lower than it was just six weeks ago, and the lowest in its 16-year life.

But the rally in bonds has been so strong that some analysts are beginning to fear the market is riding for a fall.

Just over a week ago, when bond yields were hovering slightly above 6 per cent, several brokerage houses cautioned that the bond market was close to overheating. They argued that investors were underestimating the strength of the US economy and warned that bond prices could tumble at the first sign of more robust economic growth.

One firm, Bear Stearns, said the long end of the bond market was "severely overbought", and predicted yields would jump back to more than 6.5 per cent within a few weeks. Another firm, Donaldson, Lufkin & Jenrette, also foresaw a correction, believing that economic growth in the second half of this year would be stronger than expected.

The starkest warning has been issued by Nikko Securities' chief economist in New York, Mr Robert Brusca. He says inflationary pressures are building up in the economy more quickly than anyone realises.

He also contends that market expectations are dangerously optimistic about the effectiveness of President Bill Clinton's first budget in reducing the deficit – a key factor in this year's rally. He sees bonds as ticking bombs, ready to go off in investors' faces.

But most US institutional fund managers seem unconcerned about a correction. There are few signs that they are ready to shift billions of dollars out of bonds and into stocks, cash or overseas fixed-income assets.

Mr Spike Thorne, who is in charge of fixed-income policy at the investment group Scudder, Stevens & Clark – responsible for about $60bn of bond funds, is not worried about being caught off guard by a sharp correction. "When the bond market makes an important top, it doesn't do so in a spike formation, but in a table top formation – in other words, you have a lot of time to see the market changing its direction."

While Mr Thorne admits that the bond market is not the good value it was last year, he does not see it peaking just yet. "The market is focusing on a lousy business picture for 1994, not just in the US, but in Europe and Japan as well. There is a worldwide breeze blowing for lower interest rates."

Mr Gary Coburn, head of fixed-income at the Putnam group which manages $57bn of bond funds, says inflationary expectations are the key factor. "It is hard to find any evidence of sustained upward price moves. In fact, you can argue the other way: that we are in a disinflationary environment. We don't anticipate any imminent changes. There is no need to run to cash or become very defensive."

Mr Wayne Lyski, portfolio manager at Alliance Capital, expects US interest rates to remain stable for the foreseeable future. "The long-term call is for rates to remain pretty low."

His confidence is based on the worldwide economic outlook. "Almost every country you look at has a goal of reducing its fiscal deficit, which implies constant pressure from the fiscal side to keep economic growth lower than it otherwise would be. And there is a long way to go before this fiscal cycle plays itself out."

But Mr Bill Dodge, chief investment strategist at the securities house Dean Witter, is keeping a close eye on the market for any danger signs. "I'd be mindful of a correction in a market that has become obviously overheated."

This is reflected in Dean Witter's asset allocation recommendations to clients. It suggests the average investor should hold 60 per cent of a balanced portfolio in stocks and 15 per cent in cash or short-term instruments. This would leave only 25 per cent in bonds – well below the 35 per cent exposure level that the firm recommends in normal times.

Other investment houses, while still liking bonds, see a better future in stocks. Goldman, Sachs recently recommended that clients should reduce their bond holdings from 40 to 30 per cent, and increase their equities exposure from 55 to 65 per cent.

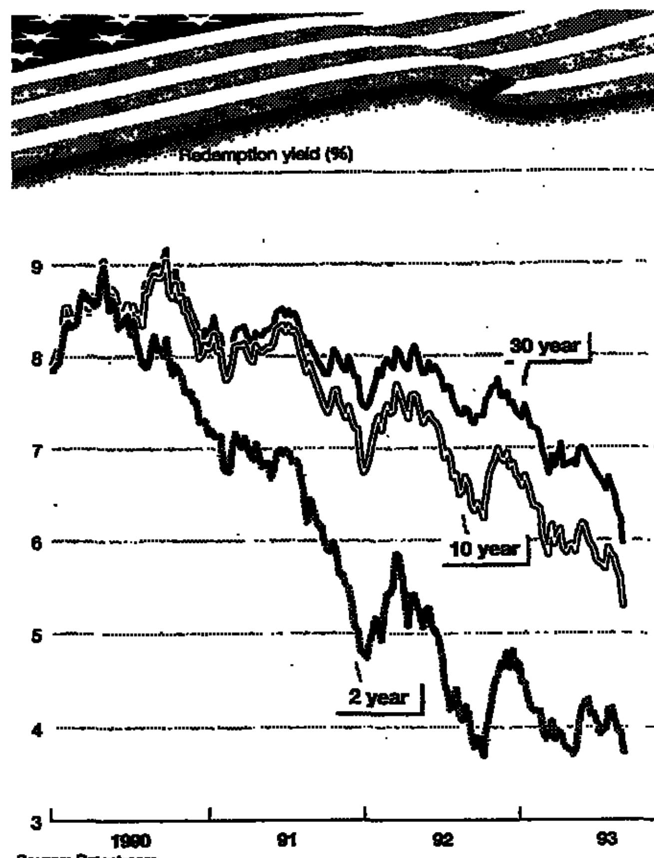
If there is one factor that might sustain the bond market's rally, it is liquidity. Billions of dollars continue to pour in, particularly from mutual funds and banks.

Flows of investors' cash into bond funds jumped 22 per cent in July to a record $13bn, while banks, facing weak demand for loans and eager to improve the quality of their balance sheets, are greatly increasing their bond holdings. In the year to the end of June, banks upped their holdings of government securities by 14 per cent to $704bn.

With so much money flowing in, with the economy fragile and inflation low, fund managers have few reasons for anxiety about bonds.

As for what might trigger a sudden setback in the market, Mr Thorne muses: "A significant improvement in the economy, maybe, or bad inflation news, or a shift to easier fiscal policy. Yet none of these are on the cards at the moment."

US Treasury Bonds



Source: Datastream

Tokyo and Europe miss out

By Tracy Corrigan in London and Emiko Terazono in Tokyo

EUROPEAN and Japanese investors have largely missed the latest leg of the rally in US bond markets – and with good reason.

European investors shifted their attention to European bond markets in early 1992, as those economies slowed down, while Japanese institutions came under pressure to repatriate funds for investment in their domestic market. Yen-based funds which remained overweight in Treasuries this year have seen bond market gains wiped out by currency losses, following the rally in the yen.

The worldwide bull market in bonds has outstripped expectations and economic fundamentals remain favourable. But most analysts still think that the rally has further to go in Europe than in the US, which was the first developed economy to emerge from recession.

"In textbook terms, 18 months ago was the right time to switch into European bonds," said Mr Paul Abberley, head of fixed income at Lombard Odier, the Swiss-owned fund management group. "Europeans haven't lost anything by making that move", as European markets have also rallied strongly.

European institutions have, however, adopted an opportunistic approach to the US market. Mr Robert Gambi, international fixed interest and currency manager at AMP Asset Management in London, moved from an underweight to a neutral position in US Treasuries in July, and plans to shift back to an underweight position shortly. He believes the US bond rally will probably be over within the next three or four months.

"The US market obviously looks expensive, but any dip in the dollar has made the US market very attractive for European investors," said Mr Michael Burke, a bond economist at Citibank in London.

"There doesn't seem to be anything working against a further rally" in the US market, said Mr Naoyasu Kawasawa, a fund manager at Tokio Marine and Fire Insurance, Japan's largest non-life insurance company. However, he added that he was reluctant to invest extra funds because of the foreign exchange risk.

However, US Treasuries remain a core market for international bond funds. While the latest leg of the rally has been domestically driven, international investors may provide some support in any downturn, as they see themselves to be neutral to underweight.

Liberty refuses to grant votes to all stock

By Peter Pearse in London

Tony Andrews

Patrick Austen, chief executive: 'We have made a major step'

A MOVE by Liberty, the UK family-controlled group, towards the enfranchisement of its non-voting shares has failed to satisfy Mr Brian Myerson, who has so far failed in his attempts to open up the company.

Liberty, famous for its prints and its central London store, said yesterday that it had decided "in principle that enfranchisement would be in the best interests of the company and all its shareholders". But in view of "difficult trading conditions" it would not be appropriate "at this time".

The company also argued that the move would be expensive because of the need to issue compensatory shares to holders of the existing voting stock.

Mr Myerson, whose Concerto Capital Corporation holds 15.78 per cent of the voting shares and about 7.5 per cent of the non-voting, replied: "This public stance is completely at odds with the view recently intimated privately to Concerto by Liberty."

In June 1992, he demanded the recruiting of non-executives, the splitting of the roles of chairman and chief executive and the enfranchisement of the non-voting shares.

Liberty has acceded to the first two. On the final one, Mr Patrick Austen, installed as chief executive in May, said: "We think we have made a major step." As far

Liberty's pre-tax profits slipped to £602,000 ($909,000), from £648,000, in the six months to July 31 – its weaker half. Retailing losses halved to £561,000 largely thanks to profits from Japan which rose to £1m (from £761,000).

Group turnover was £37.5m (up from £36.4m). The interim dividend was held at 1.85p and earnings per share slipped to 0.34p (from 0.46p).

Lex, Page 20

Carrefour rises on gain from stake sale

By Alice Rawsthorn in Paris

CARREFOUR, the leading group in French food retailing, yesterday announced a steep increase in interim net profits from FFr277m in the first half of 1992 to FFr1.66bn ($291m) this year after making a capital gain of FFr1.36bn on the sale of its stake in the Castorama furniture chain.

In spite of the sluggish state of the retail sector, Carrefour also managed to increase pre-tax profits before exceptional items from FFr281m to FFr565m.

Last autumn Carrefour reported a sharp fall in interim profits that triggered the resignation of Mr Michel Bon as chairman.

Mr Daniel Bernard, the new chairman, said Carrefour was on course for further profits growth in the second half.

He predicted that consumer spending in France would remain static but hoped to boost profits through improvements in productivity.

Mr Bernard forecast an increase in pre-tax profits before exceptional items of 20 per cent for 1993. He also anticipated sales growth of 5 per cent.

Carrefour, like other French retailers, has been affected by the economic recession and by increased competition from German discounters, notably Aldi, which are expanding aggressively in France.

However, the French group increased turnover from FFr55.2bn in the first six months to 1992 to FFr57.64bn in the interim period this year

In March the group made a FFr1.36bn profit on the FFr1.8bn placing of its 28.8 per cent stake in Castorama, one of France's largest do-it-yourself chains. The proceeds have been used to reduce debt thereby decreasing financial costs.

The windfall from the Castorama deal was tempered by a provision for the closure of two hypermarkets in Philadelphia. Mr Bernard said Carrefour was still committed to maintaining a strong presence in the US as the largest shareholder in Costco Wholesale, now in the process of merging with Price Co to form a $16bn group with 200 stores.

The write-down on the Philadelphia closures reduced Carrefour's first-half exceptional gains to FFr1.1bn, compared with an exceptional loss of FFr4m last year.

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AUGUST 1993

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Profits warning hits share price at Thorn EMI

By Michael Skapinker, Leisure Industries Correspondent

SHARES in Thorn EMI fell 21p to 963p yesterday after a circular to shareholders warned that profits from security and electronics would be no greater this year than last. It also cautioned that the group's tax rate would increase.

Some analysts complained that the news came in what appeared to be a routine letter to shareholders about the sale of the group's lighting division. They said the announcement should have appeared on stock exchange screens.

In the circular, posted to shareholders on Friday, Sir Colin Southgate, chairman, said it seemed current-year profits from the security and electronics business would be at around last year's level of £1.5m ($2.26m). The music and rentals group announced last month it had failed to sell the defence side of its electronics business to the General Electric Company. Sir Colin said the effect of recent disposals, including lighting, meant profits earned in the UK would be lower than last year. As a result, the group would incur additional unrelieved advance corporation tax and its overall tax rate would increase.

He said the music and rental divisions had started the year well, and their performance should be in line with expectations.

Mr Mark Finnie of NatWest Securities said he had still not received the circular by the close of stock exchange business yesterday. He noted that SG Warburg, the group's brokers, appeared to have received the notice in good time. He said: "It's very unlike Thorn EMI to have done this sort of thing."

Mrs Julia Pennington of Barclays de Zoete Wedd said she had reduced Thorn's expected full-year pre-tax profits after exceptional items to £345m from £370m.

Thorn said yesterday it had lodged the circular with the stock exchange on Friday.

Banks seek to buy Treuhand companies

By David Waller in Frankfurt

A HOLDING company owned by around 300 private-sector Germany banks is offering DM120m ($1.6m) to buy five companies in eastern Germany from the Treuhand, the government agency responsible for privatising industry in the new federal states.

The Association of German Banks said yesterday BNL-Beteiligungsgesellschaft was making the offer for the companies as part of the banking sector's commitment to invest DM400m in eastern Germany.

The pledge was made under the "solidarity pact" between government, industry and unions, designed to stimulate economic regeneration in the east.

Mediobanca in rights and scrip issues

MEDIOBANCA, the Italian merchant bank which was a big shareholder in the collapsed Ferruzzi Finanziaria group, yesterday announced lower profits and plans for a rights issue, Reuter reports from Milan.

Net profits for the year ended June were L200.1bn ($126m), compared with 263.1bn a year earlier. Bad debt provision was L275.2bn, up from L153.1bn. The dividend is being increased by 10 per cent to L200 a share.

The bank is proposing a scrip and rights issue to increase nominal share capital to L476bn from L340bn.

There is to be a one-for-10 scrip issue and a three-for-10 rights offer at L10,000 a share. A total of 102m new shares will be issued in this way.

Hopes for rescue of Geevor mine rise

By Michael Smith and Robert Peston in London

GEEVOR, Britain's oldest UK mining company, is being brought back from the brink of death in a move which provides hope of re-employment for hundreds of miners made redundant by British Coal in its controversial pit closures programme.

Mr Malcolm Edwards, former British Coal commercial director, plans to become chairman of Geevor following a financial restructuring. This will involve a rights issue, the acquisition of a Welsh pit formerly mined by British Coal and the conversion of Geevor's existing debt into equity.

Geevor will also acquire one of Mr Edwards' private businesses, Coal Investments, which has made bids to take over five pits closed by British Coal. The pits are Betws in Wales, Trentham in Staffordshire, Markham Main and Rossington in Yorkshire, and Coventry.

Although there is no prospect of Geevor re-employing anything like the numbers made redundant at the mines last year and this, it may be able to provide work for several hundred of them.

Holders of Geevor's equity and debt have given broad support to the proposals, according to Mr Christopher Stainforth, an executive at merchant bank Guinness Mahon, which is advising Mr Edwards.

Shares in the company have been suspended for 18 months but should resume trading in mid-October. Details of the deal are likely to be announced next week.

Mr Edwards plans to drop the Geevor name and replace it with that of his own business, Coal Investments.

The restructuring involves Geevor buying a small privately-mined coal pit in Cwmguili, Wales. There will also be a rights issue to raise £1.75m, to help develop both Cwmguili and any mines whose licence he acquires.

Following the rights issue Geevor will be capitalised at about £3.5m ($5.3m).

Locked-up value keeps investors keen

David Waller looks at the long-term prospects for Mannesmann's telecoms business

Half-year results at Mannesmann, one of the largest industrial companies in Germany, were dire even by the standards of the country's struggling engineering sector. The shares, however, have continued to display a remarkable degree of relative stock market strength.

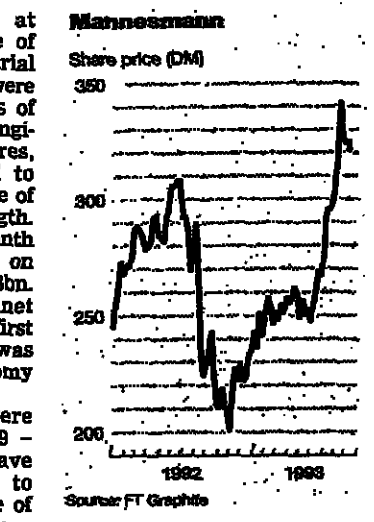
The group made a six-month loss of DM467m ($291.9m) on unchanged sales of DM12.8bn. This compared with a net profit of DM15m in the first half of last year, and was worse than analysts' gloomy expectations.

Since the figures were announced – on August 19 – Mannesmann's shares have dropped from DM333.20 to DM325 last week, a decline of 2.4 per cent. This compares with a 1 per cent fall in the DAX index of 30 leading German shares over the period.

In fact, Mannesmann shares remain close to the year's high of DM340, which shows the company remains a favourite with investors, especially US institutional investors whose buying has driven the strong rise in the German equity market in recent months.

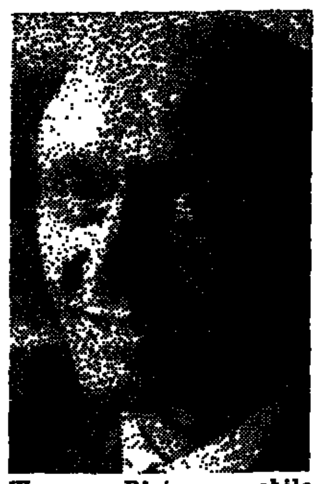
The shares are 36 per cent higher than they were at the beginning of the year. Since the start of June, they have outperformed the DAX by around 16 per cent.

The attractions of Mannesmann for investors are not obvious: like other German engineering groups, it has been hit hard by the worldwide fall in demand for capital goods, recession in Germany, the impact of a strong D-Mark on its exports, and by the costs of implementing rationalisation measures.



As a result, not a single one of its six operating divisions – spanning a range of engineering activities from steel pipe manufacturing to plant construction and automotive components – made a profit in the first half. And the group suggested there was little room for improvement in its core businesses during the second half of the year.

In part, what is true for Mannesmann holds true for the German market as a whole: investors are willing to ignore the bleak earnings outlook for the current year and look ahead to next year and beyond for economic recovery and a revival in profitability. Engineering companies, the so-called "cyclical stocks" – in theory poised to make the most of recovery in 1994-95 – have been at the centre of investors' buying interests.


Werner Dieter: mobile telecoms move a masterstroke

In the case of Mannesmann, investors' optimism is pinned less on generalised expectations of recovery, than on specific hopes for the D2 mobile telecommunications network operated by Mannesmann's Mobilfunk subsidiary. Mannesmann has been developing this business since 1989, when it won one of two digital cellular radio licences awarded in Germany.

The move into mobile telecommunications was part of a strategy of reducing the group's dependence on the capital goods sector, and on its traditional pipes activities.

It went hand in hand with a series of acquisitions in the automotive components sector: since 1987-88 the group has spent an estimated DM4bn buying companies such as Fichtel & Sachs and Boge – which both specialise in suspension systems – and VDO, which makes instrumentation panels. Turnover in this area was DM6.5bn.

The strategic sense of making a commitment to the components sector just ahead of a significant downturn in the European car industry is open to doubt. Like all other parts of the group's business, automotive technology is lossmaking.

By contrast, the move into mobile telecommunications is seen as a masterstroke on the part of chief executive Mr Werner Dieter.

Up until now, Mobilfunk has been a heavy drain on the group's resources. According to Alan Coats, an analyst at Paribas Capital Markets in London, D2 is likely to cost Mannesmann and its minority partners on the project DM3bn before it breaks even at the operational level next year.

The future prospects, however, are deemed to be exceedingly bright. Mannesmann is estimated to have around 60 per cent of the German market for wireless communications. This market has enormous growth prospects, as the so-called "cellular penetration rate" – the number of subscribers as a percentage of the population – is far behind US and UK levels.

In 1992, that rate was 1.1 per cent in Germany compared with 4 per cent in the US, 2.5 per cent in the UK, and 8 per cent in Sweden.

After technical problems led to a year's delay in introducing the D2 network, the number of Mannesmann's subscribers went from zero to 117,000 last year. Last week, the group said there were more than 200,000 subscribers at the half-way stage, better than expectations.

Mannesmann's exposure to the sector is likely to mean a strong and growing contribution to profits from late 1994 onwards.

As if to underscore the value inherent in Mannesmann's D2 business, AT & T's $12.4bn acquisition of McCaw Cellular Communications was announced just days before Mannesmann unveiled its disastrous interim figures.

Like Mannesmann Mobilfunk, McCaw is a lossmaking company with enormous potential – potential which convinced AT & T to make one of the largest takeovers in US corporate history.

The big US company has concentrated investors' minds on the potential value locked up in Mannesmann Mobilfunk.

French sweets go to US group

By Alice Rawsthorn

A PIECE of French gastronomic tradition yesterday passed into American hands when Warner-Lambert, the US pharmaceutical group, acquired Cachou Lajaunie, maker of the famous cachou sweets the French nibble to freshen their breath after garlicky meals.

The vendor is Pierre Fabre, the cosmetics group which acquired Cachou Lajaunie in 1989 and subsequently pushed the company through a period of rapid expansion. Cachou Lajaunie expects to sell 12m boxes of sweets this year.

Pierre Fabre, best known for its Klorane and Avèze cosmetics brands, has pursued aggressive product development for Cachou Lajaunie, notably by introducing a successful line of mint-flavoured cachous. Cachou Lajaunie's turnover has doubled from FFr17m in 1989 to an estimated FFr35m ($6.1m) this year.

One of the largest remaining family-controlled companies in the French pharmaceuticals industry, Pierre Fabre expects turnover this year to total FFr5bn.

Its disposal of Cachou Lajaunie is part of plans to concentrate on mainstream cosmetics and pharmaceutical interests. Pierre Fabre is also keen to raise capital to augment research activities.

Warner-Lambert has bought Cachou Lajaunie for an undisclosed sum through Parke-Davis, its confectionery subsidiary. Parke-Davis employs 1,000 people.

The US group already has significant confectionery interests in France. It acquired Vichy, the French brand of pastilles, in 1989, and bought Clorets chewing gum in 1991.

The takeover of Cahou Lajaunie cements an already close relationship between the two companies.

Delhaize net falls sharply

By Andrew Hill in Brussels

NET profits at Delhaize "Le Lion", the Belgian retail group, fell more than 70 per cent, to BFr1.01bn ($28.5m) in the first half of 1993, from BFr3.43bn in the same period a year ago.

Delhaize also warned its full-year profits would be lower than in 1992, and said it may hold its 1993 dividend at last year's BFr20 per share. Group sales rose 8.2 per cent to BFr163bn, against BFr151bn.

The Belgian stores pushed up sales from BFr45.15bn to BFr45.29bn. However, recession, falling food prices, and industrial disputes cut profits.

Turnover at the Food Lion chain in the US rose to $3.41bn from 3.24bn. The supermarkets, however, suffered a 48 per cent drop in net profits in the first half, to $52.6m, as they tried to recover from a wave of bad publicity.

Last month, Food Lion settled a long-running dispute over federal labour laws with the US department of labour. The company granted back pay of $13.2m to some employees who had worked overtime without pay. It was fined $2m for that dispute and $1m for failing to ensure adequate safety conditions for employees under 18.

This announcement appears as a matter of record only.

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In accordance with Condition 3 of the Terms and Conditions of the above mentioned series of Notes the interest rate has been determined to be Zero percent per annum, accordingly the Coupon Amount payable on 10th September, 1993 will be U.S. $ Zero per U.S. $500,000 Principal Amount.
Bankers Trust Company, London Agent Bank
7th September, 1993

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Floating Rate Notes due 1995
In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 2nd December, 1993 has been fixed at 6.0625% per annum. The interest accruing for such three month period will be £151.15 per £10,000 Bearer Note, and £1,511.47 per £100,000 Bearer Note, on 2nd December, 1993 against presentation of Coupon No. 5.
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Variable rate notes due 2005
For the interest period 7 September 1993 to 7 December the notes will bear an interest rate of 3.7625% per annum. Interest payable on 7 December 1993 will amount to US$9,510.76 per US$1,000,000 note.
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(in the Int'l edition only)

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS IN
MAKITA CORPORATION
EDR holders are informed of a dividend to holders of record date March 31, 1993. The cash dividend payable is Yen 9 per common stock of Yen 50.00 per share. EDR holders may now present Coupon No 29 for payment to the undermentioned agents. Payment of the dividend with a 15% withholding tax is subject to receipt of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving benefit of the reduced withholding rate. Failing receipt of a valid affidavit Japanese tax will be deducted at the rate of 20% of the gross dividend payable. The full rate of 20% will also be applied to any dividend claimed after October 31, 1993.

EDR Denomination	Gross Dividend	Dividend Payable less 15% Japanese withholding tax	Dividend Payable less 20% Japanese withholding tax
1,000 shares	$83.33	$70.83	$66.66

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Agent: Citibank (Luxembourg) S.A. 16 Avenue Marie Therese Luxembourg
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THE RENAULT–VOLVO MERGER

A marriage to respect sensitivities

THE merger agreement between Renault and Volvo bears the hallmarks of a carefully-arranged marriage.

The problem the two groups faced in achieving their merger was to overcome the sensitivities involved in uniting two powerful industrial groups while respecting their relative balance of power.

The solution is a complex division of financial and management structures which give the French government, Renault's principal shareholder, the stronger hand.

At the core of the agreement is the creation of two separate bodies, a holding company, called RVC, and Renault-Volvo Automotive, the linchpin of the organisation, which pools all the automotive interests and financial subsidiaries of both groups. Volvo's non-automotive businesses, such as its marine engines and food interests, will not be part of this company.

Renault-Volvo Automotive will conduct the business operations of the new group. It will be responsible for all strategic and management decisions. RVC will have no management role. Its task, say the companies, is to safeguard the interests of shareholders.

In both of the new bodies, the French will be the dominant partner. The French state will hold 51 per cent of RVC through Renault SA, which is owned 100 per cent by the French government. The French state will also hold directly 46.3 per cent of Renault-Volvo Automotive. AB Volvo will hold 49 per cent of RVC and 17.85 per cent of Renault-Volvo Automotive.

Renault and Volvo described the agreement as balanced. "It is a fact that Renault is twice as big as Volvo and so naturally that is reflected in the equity structure," the companies said in a statement yesterday.

If French interests are dominant in the financial structure they are also stronger at the management level. Mr Louis Schweitzer, the current chairman of Renault, will become chairman of Renault-Volvo Automotive's management board and be in charge of the day-to-day running of the group.

RVC will be governed by a six-member board – three appointed by Renault and three by Volvo. The chairman of the board, who holds the casting vote, will, however, be nominated by Renault SA. Both RVC and Renault-Volvo Automotive will be based in France.

But if Volvo is the junior partner, it remains a powerful one, due to a system of checks and balances within the merger agreement. The most important includes the establishment of a supervisory board.

Such a body, common in German industry, is highly unusual in France. It will appoint Renault-Volvo Automotive's management board and will decide on what the companies describe as "major financial issues".

The chairman of the supervisory board will be proposed by Volvo. Mr Pehr Gyllenhammar, the current Volvo chairman, is expected to take this post. Beneath him will be an 18-member board, reduced to 14 after the sale of the French government's share in Renault-Volvo Automotive which is expected by 1995.

The 18 members will comprise six representatives from the French state, three representatives from AB Volvo, three members from the international business community chosen for their expertise, and six employee representatives from the Renault-Volvo Automotive group.

Volvo's hand is also strengthened by the terms of the shareholders' agreement which will be valid for 25 years following the initiation of the merger on January 1 1994. Both Renault and Volvo will be able to terminate the shareholders' agreement at the end of the eighth year of the merger, subject to two years' prior notice.

According to a statement from the joint group, the shareholders' agreement will establish the balance of power between Renault and Volvo in what are described as "vital matters".

On other subjects, submitted to shareholders, the statement says, a simple majority will be sufficient.

In practice, this appears to give Volvo a veto power over important issues such as the raising of capital and investments in new products and facilities.

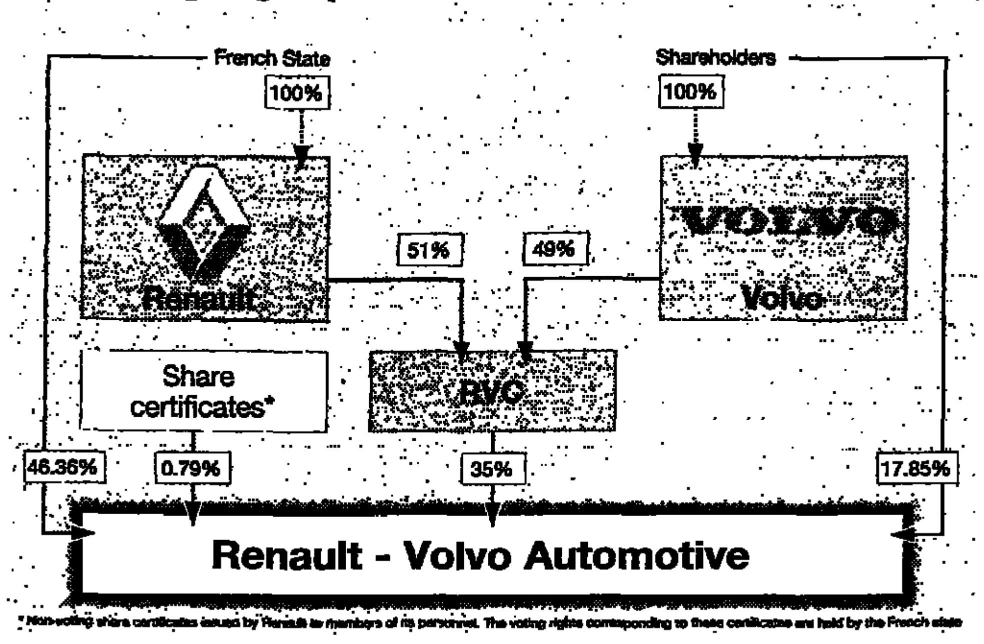
"It is an important means of limiting Renault's power," said one Paris-based automobile industry analyst. "It gives some reassurance to Volvo's shareholders."

Such reassurance, which runs through the terms of the agreement, will determine whether the merger runs smoothly.

Both Renault and Volvo will hope it prevents outbursts of marital strife.

John Ridding

The merged groups' structure



* Non-voting share certificates issued by Renault to members of its personnel. The voting rights corresponding to these certificates are held by the French state

Gyllenhammar set to play the role of a champion

FOR Mr Pehr Gyllenhammar, who has led Volvo for 22 years, yesterday's merger with Renault was something of a paradox.

On one side, the deal is the consummation of an alliance that reflects Mr Gyllenhammar's long-cultivated role of industrial statesman and vociferous advocate of Sweden's need to move closer to the rest of Europe. Already decorated with the Legion d'Honneur and a fluent French speaker, he will revel in his position as the figurehead of a European automotive giant.

But there is also the less glorious side: for the merger amounts to an admission by a man committed to preserving Sweden's industrial strength that Volvo, the country's best known manufacturing company, can no longer compete on its own. Words he penned in 1986, when Volvo was in its heyday, now look painfully outdated.

"My hope is that Volvo will remain a strong enterprise – that it will never have to seek help from outside. It is the most important thing," he wrote in a book about the company.

PG, as he is universally known in Sweden, will doubtless shrug off such awkward echoes from the past. Since he took over from his father-in-law, Mr Gunnar Engellau, as Volvo managing director in 1971 at the age of 36, he has rarely been out of the public eye in Sweden, evoking both admiration and irritation among his reticent compatriots for his outspoken and ambitious stewardship of the group.

A former chief of the insurance company Skandia, Mr Gyllenhammar has presided over two decades of growth at Volvo in which its cars have achieved an international reputation for safety and utility – and lately even performance. But his restless search for new horizons has over the years also led Volvo in strange directions.

In the late 1970s, successive attempts to merge with Saab-Scania, Volvo's great domestic rival owned by the Wallenberg family, to sell a 40 per cent shareholding in the group to the Norwegian government in return for North Sea oil rights and to persuade the Swedish government to invest SKr1bn in the company flared and then died.

A decade later, Volvo was riding high as one of the world's most profitable carmakers. Mr Gyllenhammar, who in 1990 moved from the position of chief executive to the role of executive chairman, won plaudits for his pioneering of new "humane" production techniques that sought to replace the traditional assembly line with team-based assembly systems.

Recession in the 1990s, however, exposed how far Volvo had slipped in international competitiveness and the new plants were closed, with thousands of Swedish workers laid off as losses mounted.

Mr Gyllenhammar's advocacy of international partnerships as the way forward for Swedish companies was vindicated, but in Volvo's case with more of a defensive character than he surely originally intended.

Now, the automotive heart of Volvo will take its place as a junior partner in the new company, with "PG" no doubt playing a high-profile role as a champion of the Swedish contribution to the alliance.

But many in Sweden believe the deal will also presage the effective departure from the Swedish industrial scene of one of its most remarkable sons. "This will be his crowning glory – and then he will abdicate," predicted one businessman who knows him well.

H.C.

Pehr Gyllenhammar (left) and Louis Schweitzer at Renault's headquarters near Paris yesterday

Sweden offers the deal a cautious welcome

EXPRESSEN, one of Sweden's robust tabloid newspapers, was furious yesterday over what it described as the sell-out to France of the country's biggest manufacturer. "Gyllenhammar's treachery against Sweden," blared its headline in reference to the Volvo chairman.

But if the newspaper expressed a populist view, it was not one shared by the political and industrial establishment. Mr Carl Bildt, the prime minister, welcomed the merger of Volvo's automotive operations with Renault as securing a future for motor manufacturing in Sweden; so, too, did the opposition Social Democratic Party. Even a senior trade unionist in Volvo said its competitiveness would be strengthened by the deal.

"Regrettable but inevitable," a comment from a Stockholm investment banker, summed up the reaction of most professional Swedes to the long-awaited completion of the merger. The low-key response underlined how much attitudes have changed since 1990 when Mr Gyllenhammar said any move under foreign ownership by Volvo would cause Sweden "to suffer an identity crisis".

A jolting, three-year recession is what has made the difference. In the late 1980s, when Volvo and other top Swedish companies were enjoying a boom, talk of industry becoming more international was framed mainly in the context of Swedish acquisitions abroad.

The merger in 1988 between Asea, the Swedish engineering group, and Brown Boveri of Switzerland, to create the giant, Swiss-based ABB gave some pause. But with Mr Percy Barnevik of Asea in charge, it was seen in Sweden as a deal between equals.

Today, with unemployment at 13 per cent and rising, there is widespread recognition that Sweden had become dangerously uncompetitive – a trend only partly offset by the 25 per cent devaluation of the Swedish krona this year. The acceptance of Volvo becoming a junior partner to Renault was not hard to achieve.

"Ten years ago there would have been turmoil from the unions," said a senior government official. "But not these days."

Instead, analysts in Stockholm regarded the ownership split, which leaves the Swedish side with 35 per cent of the new Renault-Volvo Automotive company, as a good deal for Volvo.

Volvo could probably have soldiered on for some time, having returned to profit in the first half of this year. It may be due to big improvements in productivity.

But a significant part of the reason it is making money again is that it has new car and truck models in place and is not currently incurring the huge development costs new models require. Volvo knew it almost certainly could not have borne on its own the next round of product development.

It is not alone in Sweden in this. Within the stable of the Wallenberg family, the country's premier industrial owners, raising sufficient investment capital is a pre-eminent concern. Half of Saab, Volvo's great local rival carmaker, was sold to General Motors by the Wallenbergs to help spread the cost of new car development.

The residual question about Volvo yesterday was over the future shape of the parent group. The aircraft and marine motor divisions were not part of the merger with Renault. Nor were Volvo's other holdings, principally in Procordia, a part state-owned pharmaceuticals and food group.

Under a deal with the Swedish government this year, Volvo will have by next year up to a 35 per cent stake in Pharmacia, Procordia's pharmaceutical unit, and 100 per cent of its Branded Consumer Products arm, which includes beer and food products.

Mr Gyllenhammar's evident intention is that the new Volvo umbrella group will become a holding company with stakes in the motor industry through Renault-Volvo Automotive, pharmaceuticals, food and other engineering interests – ironically not unlike Investor, the main Wallenberg vehicle.

It is a far cry from the 1920s when Volvo was founded to make cars by Gustaf Larson and Assar Gabrielsson, two executives from SKF, the Swedish bearing company.

Hugh Carnegy

Schweitzer faces a bumpy ride on difficult journey

MR Louis Schweitzer, who will be in charge of the merged industrial operations of Renault and Volvo, has enjoyed a smooth rise through the elite of the French public administration to the top of French industry.

But he now faces his most difficult task, as he oversees the sensitive task of merging two independent and politically sensitive companies and steers a course towards privatisation.

The merger with Volvo was not Mr Schweitzer's idea. He inherited the alliance, which began in 1990, from Mr Raymond Levy, who stepped down in May 1992. But since taking the reins Mr Schweitzer has energetically pursued the consummation of relations between the two groups.

"Co-operation between Renault and Volvo has been perfect," he said, "but we have to be highly sensitive to competition, so speed is necessary for success."

The same might be said about his personal career. A student of the Ecole Nationale d'Administration, the training ground for the elite of the French government service, he worked his way quickly up the economic administration, culminating in 1986 with his appointment as adviser to Mr Laurent Fabius, the former socialist prime minister.

From there, he joined Renault, where he was named head of the planning department in 1987. In 1990, at the age of 48, he was appointed managing director of the car group, making him heir to the Renault throne.

The final jump to the top appeared threatened for a while by resistance from Mrs Edith Cresson, then socialist prime minister, who opposed the link with Volvo because of its weak financial position. But support from Mr Pehr Gyllenhammar, the head of Volvo, helped secure Mr Schweitzer's appointment as chairman of the French car group.

The two chairmen say there is a close rapport between them. "He has an excellent analytical mind," said Mr Gyllenhammar of his counterpart yesterday. "I know we are going to work well together." Mr Schweitzer, for his part, praised the visionary capacity of his counterpart.

Such warm ties are going to be essential in the delicate task of combining their operations.

Apart from avoiding strains with Renault's new partner, Mr Schweitzer's most difficult task will be to steer the new group through the depressed European car market. His record so far includes encouraging signs.

The recovery in Renault's fortunes has coincided with Mr Schweitzer's stint at the company. Since he joined in 1986, Renault has reversed a period of heavy losses which saw six consecutive years of deficits until 1987 and net losses as high as FFr12.6bn in 1984. Last year, by contrast, profits reached FFr5.5bn ($940m).

Much of this progress was due to Mr Levy's legacy. But French industry officials say that Mr Schweitzer also played an important role in improving quality and efficiency and in introducing innovative new products such as the Twingo small car which was launched last year and has sold strongly.

Since he took over as chairman, however, times have become harder. First-half profits, announced last month, fell by almost 90 per cent compared with the same period in 1992.

Resisting the downturn, and forging the two parts of the new group into a greater whole, will be the test of Mr Schweitzer's success.

J.R.

Last stop in plan for privatisation

FOR the French government, the merger between Renault and Volvo is the last stop on the road to privatising one of the most important symbols of state-owned industry.

In May, Renault was placed on the list of the 21 state-owned companies targeted for sale as part of the government's ambitious privatisation programme which gets under way this autumn with the sale of Banque Nationale de Paris.

Mr Gérard Longuet, the French industry minister, said yesterday that he hoped Renault's privatisation could take place from the second half of 1994, depending on market conditions and the performance of the merger.

The government's desire to see Renault in the private sector reflects both pragmatic and strategic considerations. The strength of the company and its familiarity with French and international investors makes it a relatively attractive candidate for privatisation.

Industry analysts estimate that a sale of the government's entire stake could raise about FFr40bn ($6.87bn), a substantial asset in the government's plans to curb its budget deficit, targeted at FFr317bn this year and FFr300bn next year.

Plans to privatise Renault also reflect a conviction in Mr Balladur's government that the competitiveness of French industry requires reduced state intervention and a greater role for market forces.

Privatisation will, however, be a delicate task. In particular, the government is determined to maintain French control of the merged car group after the sale of its shares.

French control is important for political reasons. "Renault's history means the merger and privatisation are a very sensitive political issue," says a government official. "It will require careful handling."

Such careful handling is evident throughout the terms of yesterday's deal which includes a series of measures to maintain French control after privatisation and to protect the company from predators. At the core of this structure is the creation of two companies - a holding company (RVC), and a company which pools the automotive interests of Renault and Volvo (Renault-Volvo Automotive). The holding company has 35 per cent of Renault-Volvo Automotive.

Initially, the French government will hold 51 per cent of RVC and 46.4 per cent of Renault-Volvo Automotive, giving it effective control of the group at both levels. But with privatisation, which is expected to involve the sale of the state's direct 46.4 per cent stake in Renault-Volvo Automotive, the dominance of French investors is obviously threatened.

Once privatised, the whole shareholding structure changes, but French control may not. Under the agreement with Volvo, the French state reserves to right to retain a "golden share" in Renault-Volvo Automotive when the group is privatised. This device will require French approval for any increase or participation in the share capital of Renault-Volvo Automotive, up to a certain, unspecified, level.

In addition, the government will seek to assemble a core of long-term stable French investors in Renault SA, the majority shareholder in RVC which holds 35 per cent of Renault-Volvo Automotive. The government itself could be one of these shareholders.

The rest of this core is likely to comprise state-owned banks and insurance companies. But it could also involve industrial companies.

One such group is Matra-Hachette, the French defence electronics and media company. Its cars division co-produces the Espace luxury van with Renault.

J.R.

Internationale Nederlanden Group

First six months 1993

The results of Internationale Nederlanden Group for the first six months of 1993 show a satisfactory increase. Compared with the first six months of 1992 net profit rose by 8.9% from NLG 824 million to NLG 897 million. Profit per share went up by 5.8% to NLG 3.62. Total assets increased by 4.7% to NLG 338.8 billion and the Group capital base rose by 18.0% to NLG 19.7 billion.

The results have been determined in accordance with the new accounting principles which are being applied by ING Group as of 1993.

The figures for the first six months of 1992 have been adjusted to the new accounting principles to allow a proper comparison.

The Executive Board expects that the profit per share for the whole of 1993 will at least equal the figure for 1992.

Amounts in Dutch guilders	Six months 1993	Six months 1992	% Change
(in millions)			
Result before taxation	1,229	1,126	+9.1
Net profit	897	824	+8.9
(in guilders)			
Net profit per share	3.62	3.42	+5.8
Interim dividend	1.60	1.55	+3.2
	June 30 1993	December 31 1992	
(in billions)			
Total assets	338.8	323.7	+4.7
Investments	129.7	128.7	+0.8
Bank lending	146.3	139.3	+5.0
Group capital base	19.7	16.7	+18.0

ING GROUP

The report for the first six months of 1993 can be obtained at the following address:
Internationale Nederlanden Group, P.O. Box 810, 1000 AV Amsterdam, The Netherlands.
Tel.: (+31) 20 541 54 60, fax: (+31) 20 541 54 51.

NOTICE OF REDEMPTION

SRF MORTGAGE NOTES 1 PLC

Class A Mortgage Backed Floating Rate Notes
Due March 2021

NOTICE IS HEREBY GIVEN to the holders of the Class A Mortgage Backed Floating Rate Notes Due March 2021 (the "Class A Notes") of SRF Mortgage Notes 1 PLC (the "Issuer") that, pursuant to the Trust Deed dated 20th March, 1989 (the "Trust Deed"), between the Issuer and the Law Debenture Trust Corporation p.l.c., as Trustee, and the Agency Agreement dated 20th March, 1989 (the "Agency Agreement"), between the Issuer and Morgan Guaranty Trust Company of New York (the "Principal Paying Agent") and others, the Issuer has determined that, in accordance with the Redemption provisions set out in the Terms and Conditions of the Class A Notes, Available Funds as defined in the Terms and Conditions in the amount of £6,700,000 will be utilised on 22nd September, 1993 (the "Redemption Date") to redeem a like amount of Class A Notes. The Class A Notes selected by drawing in lots of £100,000 for redemption on the Redemption Date at a redemption price (the "Redemption Price") equal to their principal amount, together with accrued interest thereon are as follows:

OUTSTANDING CLASS A NOTES OF £100.000 EACH BEARING THE DISTINCTIVE SERIAL NUMBERS SET OUT BELOW

Bearer Notes

14	74	78	168	179	193	210	239	286	301	303	320
342	366	384	407	408	448	450	455	477	482	504	519
524	526	573	617	623	645	670	677	706	716	730	733
756	797	829	838	841	846	855	863	864	868	872	913
939	951	954	955	1256	1259	1281	1315	1334	1346	1352	1355
1357	1363	1372	1458	1462	1494	1500					

The Class A Notes may be surrendered for redemption at the specified office of any of the Paying Agents, which are as follows:

Morgan Guaranty Trust Company of New York	Morgan Guaranty Trust Company of New York	Banque Paribas (Luxembourg) S.A.
60 Victoria Embankment	Avenue des Arts 35	10a Boulevard Royal
London EC4Y 0JP	B-1040 Brussels	L-2093 Luxembourg

In respect of Bearer Class A Notes, the Redemption Price will be paid upon presentation and surrender of such Notes together with all unmatured Coupons appertaining thereto, on or within a period of ten years and five years respectively, after the Redemption Date. Such payment will be made (i) in sterling at the specified office of the Paying Agent in London or (ii) at any specified office of any Paying Agent listed above by sterling cheque drawn on, or at the option of the holder by transfer to a sterling account maintained by the payee with, a Town Clearing branch of a bank in London. On or after the Redemption Date interest shall cease to accrue on the Class A Notes which are the subject of this Notice of Redemption.

SRF MORTGAGE NOTES 1 PLC
By: Morgan Guaranty Trust Company
as Principal Paying Agent
Dated: 7th September, 1993

Forestry interests help North Broken Hill Peko to 57% gain

By Nikki Tait in Sydney

HIGHER profits from its forestry interests, lower interest charges, and asset sales helped North Broken Hill Peko, the Australian resources group, to a 57 per cent increase in profits after tax for the year to end-June.

The Melbourne-based company reported a surplus of A$132.4m (US$88.2m) after tax, against A$84.2m in the previous year. Total sales slipped to A$1.51bn, from A$1.54bn. Earnings per share rose to 21 cents from 13.8 cents.

At the trading level, the company said profits rose to A$265.1m from A$265.1m . This reflected higher results from forestry and paper – up to A$43.5m from A$24.7m – and from the Warman International business, which contributed A$30.5m against A$20.8m. But the mining and exploration side saw operating profits dip to A$125.7m from A$140.9m .

North Broken Hill said the tumble on the mining side reflected price and volume falls at the Robe River Iron Ore project in which it holds a 53 per cent interest. By contrast, the forestry business gained from reduced costs and expansion into exports of softwood chips and pine logs.

Interest charges fell to A$44.6m from A$66.9m. North's figures included abnormal charges of A$18m, reflecting restructuring in the forestry division, but these were more than offset by abnormal gains, of A$25m, largely due to asset sales.

● Mr Campbell Anderson, chief executive of Australia's Renison Goldfields Consolidated, is to resign and join North Broken Hill Peko as chief executive and managing director, AP-DJ reports.

HK paper waits for sale details

HONG KONG'S stock market regulators blocked resumption in trading of South China Morning Post shares until the company clarifies the state of negotiations for the sale of News Corporation's 50 per cent stake, writes Simon Davies in Hong Kong.

SCMP's company secretary, Daniel Doo, said: "In light of the rumours that have appeared since the suspension of trading, it is considered appropriate to continue the suspension until a definitive statement can be made."

It is expected that the sale of the stake to a consortium led by Robert Kuok will be announced this week.

Australian Woolworths beats prospectus target

By Nikki Tait

TWO months after its A$2.45bn flotation on the Australian stock market, Woolworths, the Australian retailer, has posted better-than-forecast profits of A$171.2m (US$114.1m) after tax for the year to June 27.

The net profits figure comfortably beats the A$166.3m which the retailer predicted in its share sale prospectus.

Yesterday, Mr Paul Simons, chairman, also indicated that the group was "on target" to meet its 1994 sales and profits forecasts: in the same prospectus, Woolworths estimated that it would see sales of about A$11.3bn in the 1993-94 financial year, and after-tax profits of A$188.5m.

Woolworths' profits were scored on sales up by 14.22 per cent to A$10.5bn, with operating profit rising by a similar percentage to A$282.2m. Net profits in the previous year had stood at A$83.8m. Earnings per share were 17.10 cents compared with 8.38 cents previously.

The retailer plans to open around 14 new supermarkets in the current year, and plans a capital expenditure budget of approximately A$200m.

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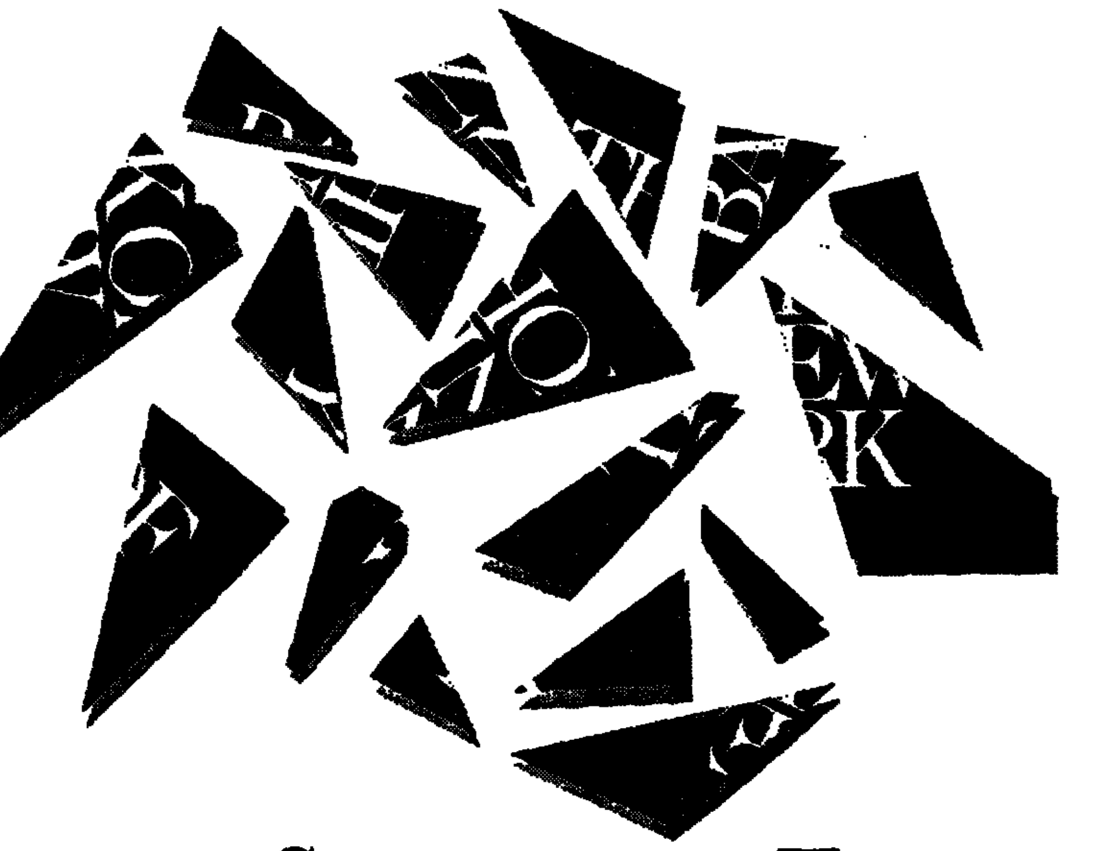

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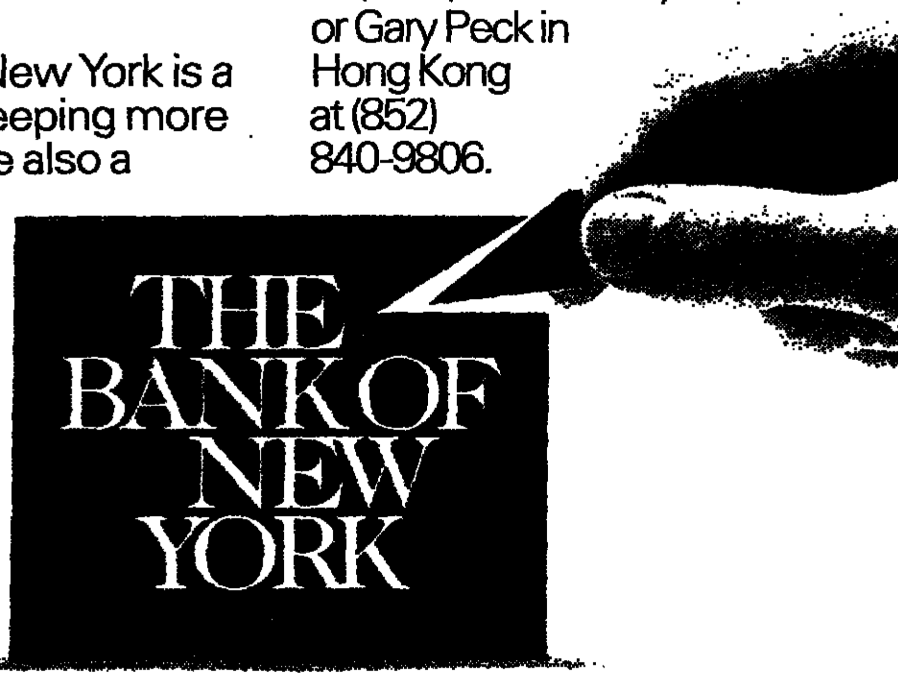

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BHP mines a different seam with Fosters

Broken Hill found a new direction in a hostile bid, writes Kenneth Gooding

BROKEN HILL Proprietary, a unique blend of businesses that add up to Australia's biggest company, boasts it is doing better than most of the world's "pure" oil, mining or steel groups. But can it repeat the trick with beer?

There is no reason why not, says Mr John Prescott, chairman and chief executive. BHP has been tightening its grip on Fosters, the world's fourth-largest brewing group, after paying A$1.6bn (US$1.06bn) last year for 37 per cent stake and putting four people on the board.

John Prescott: finding new platforms for growth

BHP's connection with Fosters arose from the complex defence BHP mounted in 1988 when the late Mr Robert Holmes à Court, the Australian corporate raider, made a determined run at BHP. Eventually freed from Mr Holmes à Court's clutches, BHP was left with an indirect holding in Fosters. BHP then took a direct stake in the brewer to protect its investment.

Mr Prescott says this has stabilised Fosters' balance sheet and its board. Fosters has been encouraged to sell non-core assets.

"Clearly our aim is to build up the value of the Fosters investment to its book value.

"But why stop there? If we have been successful with building Fosters' fortunes from where they were last year to a stage where we have put the value of the investment above its book value, why should we quit?"

Mr Prescott says Fosters has been very good at marketing its products. But BHP can help it develop other management skills, divisionalise and devolve management responsibility like BHP, and achieve international ambitions.

How does BHP, one of the world's top five mining companies measured by profitability, one of the top ten oil companies and one of the very few profitable steel producers, rationalise this move towards becoming a conglomerate?

Mr Prescott explains: "We don't intend to become a conglomerate but we do intend to take a broad view of our skills base and where that skills base might lead us."

BHP has been upgrading the planning function in all its divisions and looking ahead to the year 2,010. Mr Prescott says that by then the group will not simply be a larger version of BHP.

"We need to do more than grow our existing businesses; we need to get our profitability on to a higher plane."

This talk about profit and returns is quite unlike the BHP of old. Some analysts suggest it needed someone like Mr Holmes à Court to ginger up BHP, which owned some of the richest chunks of Australia and seemed able to turn a profit in its sleep.

But in the mid-1980s, before Mr Holmes à Court appeared on the scene, BHP had already begun to "go international". The process started with the 1984 acquisition of Utah Minerals International, bringing with it North American coal and copper interests. Then BHP began mining copper and gold at Ok Tedi in Papua New Guinea, and at the begining of the 1990s brought Escondida, one of the world's best copper mines, into production in Chile.

All this brought a big change in outlook. BHP today is prepared to go to the best oil fields and mines in the world rather than wait for them to be found in Australia. Mr Prescott points out that, while two thirds of the group's business originates in Australia, only 20 per cent is paid for in Australian dollars.

"BHP is not a proxy for investment in Australia," he says.

Last year BHP's pre-tax profit totalled A$1.89bn. The minerals (mining) division made a A$738.2m profit (up from A$653.8m); the petroleum division made A$509.5m (A$381m) and the steel division A$323.2m (A$189.5m.)

Spending, boosted by the purchase of Fosters' shares, reached A$4bn. BHP has A$5bn of approved projects to take it into the next century and another A$3bn in the advanced planning stage.

Everything BHP does has to be low-cost, "at the bottom of the cost curve".

Any asset that is non-performing, in terms of return on capital and cash generation and growth potential, will be considered a non-core asset.

"We have quit some things that people thought were fundamental to us because they failed to meet these criteria," he says.

BHP assumes that there will be very limited economic growth in the OECD countries, that economic cycles will continue and that the demand for the minerals it currently produces will grow more slowly than world economic growth. "When you have billions of tonnes of iron ore and coal in reserves and hundreds of millions of tonnes of copper, you ask yourself wouldn't it be more profitable creating a market for all that rather than exploring for more?"

He says BHP must "find new platforms for growth. We must find new things to do. We might have to move outside the types of opportunities we have hitherto engaged in to reach the growth we look for."

In 1984 BHP doubled in size with the acquisition of Utah. Could it do the same again, particularly as many assets are going cheap at this phase of the recession? Mr Prescott says BHP could tackle an acquisition of any size. "The balance sheet is strong enough to tackle anything we might contemplate."

Record diamond output lifts Normandy Poseidon

NORMANDY Poseidon, the Adelaide-based diversified mining house, yesterday reported an after-tax profit of A$48.4m (US$32.2m) for the year to end-June. This compared with A$33.6m in the previous 12 months, writes Nikki Tait.

In addition, the company benefited from an abnormal gain of A$9.8m, related to various asset sales. This brought total after-tax profits to A$58.2m. Total operating revenue stood at A$1.14bn (A$876.5m). Earnings per share, before abnormal items, stood at 10.4 cents, up 53 per cent on the year.

The company said turnover and profits in the industrial minerals division continued to improve, and diamond production reached record levels, at 1.16m carats.

The Poseidon Gold unit – in which Normandy Poseidon holds a majority interest – reported an after-tax profit of A$71.4m, against A$49.1m in 1991-2. The average gold price realised was $585 per ounce.

U.S. $125,000,000

GREAT LAKES FEDERAL SAVINGS

Collateralized Floating Rate Notes
Series A due December 1997

In accordance with the provisions of the Notes, notice is hereby given that for the three months Interest Period from September 8, 1993 to December 8, 1993 the Notes will carry an Interest Rate of 3.5625% per annum. The interest payable on the relevant payment date, December 8, 1993 will be U.S. $900.52 per U.S. $100,000 principal amount of Notes.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank

CHASE

September 7, 1993

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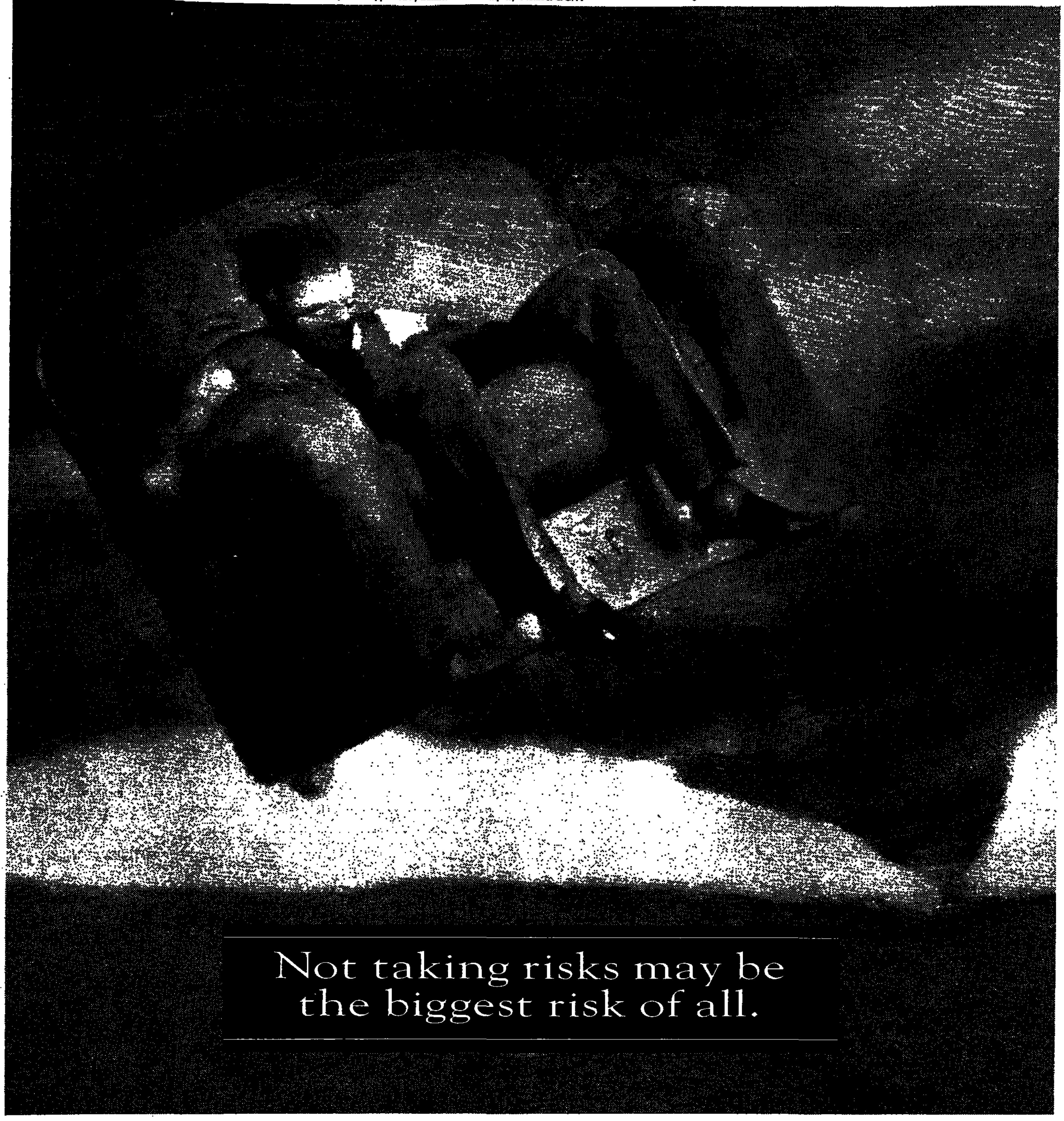

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LEAD FROM STRENGTH.

INTERNATIONAL CAPITAL MARKETS

Minor setback for higher-yielding European sector

By Tracy Corrigan and Conner Middelmann

HIGHER-yielding European bond markets suffered a minor setback yesterday, after enjoying a period of strength, while France and Germany benefitted from the re-evaluation. Markets proved somewhat volatile without the anchor of the US Treasury market, which was closed due to the Labor Day holiday in the US.

■ SPANISH bond prices slid ⅝ of a point, as investors began to wonder whether the market's month-long rally had been overdone. Italian bonds also suffered, but regained some ground as the lira recovered to end only ¼ point lower.

■ GERMAN 10-year bonds rose about ¼ point in moderate turnover, boosted by the D-Mark's continuing strength on the foreign exchanges, which spurred further buying from foreign investors.

The mark's continuing ascent also had some market participants betting on another near-term cut in key interest rates by the Deutsche Bundesbank, whose Central Bank Council is to meet Thursday.

The release of stronger than expected orders data did not dent the market's bullish sentiment although they could be seen as an indication that the economy is poised for recovery, said one trader. Western German manufacturing orders rose 3.2 per cent in July from June, contrary to forecasts of a small decline.

The Bundesbank's minor downward revision of July M3 money supply growth to 7.4% from 7.5% had little impact on bond prices. With August M3 expected to have grown significantly due to heavy currency intervention, the July revision was of relatively little importance, said a Frankfurt trader. In the futures market, the September Bund future on Liffe closed at 98.77, up 0.20 points from Friday.

GOVERNMENT BONDS

■ IN THE French bond market, the 10-year sector put on the strongest performance, with the Matif's 10-year bond future rising about ⅓ a point. The gains were partly due to technical buying after the bond future breached resistance around 123.20. But some were also attributed to short-covering by players who felt that last week's sell-off had been overdone.

Market sentiment remained bullish, underpinned by hopes of French rate cuts in the not too distant future. Still, the Bank of France's decision to leave money-market rates steady did not damp prices as no rate cut had been expected as early as yesterday.

The very long end of the French bond market remained soggy, however, after it dropped sharply Friday on heavy selling by a large US investor, said a trader in London. Added to last week's issue of new 30-year bonds, that weighed on the long end, causing the yield curve to steepen, he said.

■ GILT PRICES fell ¼ point during the morning session, on the back of a strong rise in car sales, then traded unchanged for much of the rest of the day.

Suggestions of inflationary pressure stemming from economic recovery fuelled interest in the index-linked sector, encouraging the Bank of England to issue another £400m tranche of index-linked paper.

The December long gilt future on Liffe ended $\frac{1}{32}$ lower.

■ THE JAPANESE government bond market gained about ¼ point, as expectations of an interest rate cut mounted. Three-month certificate of deposit rates hit record lows of 2.65 per cent, suggesting that the market expects an interest rate cut imminently.

FT FIXED INTEREST INDICES

	Sep 6	Sep 3	Sep 2	Sep 1	Aug 31	Year ago	High *	Low *
Govt Secs (UK)	101.85	102.02	102.15	102.56	102.49	89.46	102.56	93.28
Fixed Interest	124.14	124.67	124.88	125.20	124.51	105.50	125.20	108.67

Basis 100: Government Securities 15/10/26; Fixed Interest 1928.
* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 125.20 (1/9/93), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	Sep 3	Sep 2	Sep 1	Aug 31	Aug 27
Gilt Edged Bargains	129.7	135.8	240.9	175.2	91.5
5-Day average	154.6	146.2	138.5	109.0	92.5

* SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		9.500	08/03	120.8957	+1.123	6.60	6.83	6.85
BELGIUM		9.000	03/03	110.7000	-0.600	7.38	7.15	7.07
CANADA *		7.500	12/03	105.8100	-	6.70	6.82	7.00
DENMARK		8.000	05/03	108.3000	+0.300	6.80	6.64	6.75
FRANCE	BTAN	5.750	11/98	100.3993	+0.187	5.65	5.58	5.82
	OAT	6.750	10/03	104.3600	+0.362	6.15	6.14	6.41
GERMANY		6.500	07/03	102.6950	+0.260	6.13	6.24	6.39
ITALY		11.500	03/03	112.2000	-0.210	9.74†	9.84	10.38
JAPAN	No 119	4.800	06/99	105.9518	+0.353	3.56	3.71	3.83
	No 157	4.500	06/03	103.2268	+0.288	4.04	4.16	4.13
NETHERLANDS		7.000	02/03	107.0400	+0.070	5.99	6.11	6.20
SPAIN		10.900	06/03	112.0500	-0.650	9.00	9.05	9.67
UK GILTS		7.250	03/98	103-22	-	6.30	6.28	6.39
		8.000	06/03	108-06	-6/32	6.83	6.84	7.07
		9.000	10/08	116-07	-4/32	7.22	7.23	7.50
US TREASURY *		5.750	08/03	103-17	-	5.29	5.47	5.81
		6.250	08/23	104-09	-	5.94	6.13	6.48
ECU (French Govt)		8.000	04/03	109.2500	-	6.66	6.67	7.01

London closing, *New York closed. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

CME relaunches futures contract on MMI index

By Laurie Morse in Chicago

Jack Sandner, CME chairman: sees 'tremendous potential'

THE CHICAGO Mercantile Exchange hopes to give a new look to the 10-year old Major Market Index futures contract when it relaunches the derivative on its trading floor today.

Futures trading on the MMI, which tracks 20 of the most heavily capitalised companies in the US, is being transferred to the CME from the Chicago Board of Trade in a renewed marketing effort.

"The MMI futures contract is an undervalued asset with tremendous potential," said Mr Jack Sandner, CME chairman. "We have serval important initiatives planned that will enhance the MMI as a tool to be used by institutional investors to manage their assets and their risk."

The MMI, designed to track movements in the Dow Jones Industrial Average, is licensed to the Chicago Exchange by the American Stock Exchange, which trades options on the index. Interest in MMI futures has dwindled in recent years, with daily volume falling to less than 800 contracts.

The CME has encouraged 35 pit traders to migrate from the CBoT to participate in the MMI contract under a special membership programme.

In addition, the Amex will this Friday launch flexible options on the MMI in New York as a means of attracting fresh trading interest.

In October, pending Securities and Exchange Commission approval, the Chicago Stock Exchange plans to trade a "Chicago basket" of the 20 blue chip stocks in the index. This is aimed at encouraging institutional arbitrage between the spot index and the derivative contracts.

The MMI expands the CME's range of existing equity index futures, which include futures on the FTSE-100, the S&P 500, the S&P 400 midcap index, and the Nikkei 225 Japanese stock index.

Italy's global dollar bond offering could top record $3bn

By Antonia Sharpe

THE INTERNATIONAL bond market is limbering up for the Republic of Italy's global dollar-denominated bond offering, which could well exceed the previous record for a transaction of this kind.

The record is currently held by the Province of Ontario with its $3bn global bond issue which was launched last January. At the start of August, the Italian authorities indicated that their global offering might raise up to $5bn.

Italy has filed a registration with the US Securities and Exchange Commission to issue up to $10bn of bonds in the US market over the next decade.

Officials from the Italian treasury were in London yesterday to gauge investor opinion. The roadshow, which will also include the Far East and the US, is scheduled to end on September 13 and the offering is expected to be launched shortly afterwards.

Italian treasury officials declined to comment on the intended size of the global offering but they said that they expected the bonds to have a maturity of 10 years.

They added that the aims of the offering were to subject Italy's credit to international scrutiny as well as to establish benchmarks for other Italian companies wishing to tap the international market in the future.

INTERNATIONAL BONDS

Last January, the Italian authorities set an international borrowing programme of between $10bn and $15bn for 1993. So far, they have borrowed about $7.2bn through fixed-rate deals in D-Marks, dollars, and yen as well as a floating-rate note dollar bond.

Syndicate managers said that the yield spread over US Treasuries which Italy would have to pay would depend on the size of the issue. They believed that investors would be willing to accept a spread of around 60 basis points for an offering of up to $3bn.

However, some syndicate managers said Italy might have to pay a spread of up to 65 basis points if it decided to raise well over $3bn. "It is a big deal so they will have to be careful," said one syndicate manager.

Italy's global bond issue is expected to be followed rapidly by the Republic of Portugal's global dollar offering. Since Portugal is only expected to raise around $1bn, syndicate managers said the sovereign borrower was likely to have to pay a spread over US Treasuries of between 40 and 50 basis points.

There were only a few new issues in the international bond market yesterday. Abbey National Treasury Services launched its second lira Eurobond issue in little over a month, raising L200bn through a 10-year offering.

A spokesman at lead manager Deutsche Bank said yesterday's offering appeared tightly priced compared with other recent lira Eurobond offerings. However, he added that the pricing was offset by the fact that, unlike other lira Eurobonds, this issue was not callable. The bonds were trading at 99.295 bid in the afternoon, at full fees.

Elsewhere, Standard & Poor's, the US credit rating agency, said it had placed four Japanese electric power companies on on CreditWatch with negative implications.

Of the four, the best-known in the international bond market is Tokyo Electric Power Company which has a triple-A senior debt rating. About $38bn of rated debt is affected.

The other three are Chubu Electric Power Company, which has a double-A plus rating, and Chugoku Electric Power Company and Shikoku Electric Power Company which both have a double-A rating.

S&P said that its actions were based on the increasing likelihood that electricity rates will be decreased and that flat sales and heavy capital expenditure programmes will put pressure on operating margins.

● The Jamaican government plans a US$20m bearer bond issue, writes Canute James in Kingston.

The bonds have a life of one year and carry a coupon of 7½ cent. They will be issued in denominations of $5,000 and $50,000, with a minimum purchase of $10,000.

Officials said if the offer is successful, subsequent and larger issues will be made. Foreign currency sales to commercial banks have declined in recent weeks, leading to increased pressure on the Jamaican dollar, which has depreciated by 17 per cent in the past three months.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
D-MARKS							
Bayerische Vereinsbank O'seas	500	6.25	101.90	Oct.2003	2.5	-	Bayerische Vereinsbank
YEN							
Kao Corp.(a)*	10bn	4.5	100	Dec.1998	undiscl.	-	Sumitomo Finance Intl.
Kao Corp.(a)*‡	10bn	(b)	99.90	Dec.1997	undiscl.	-	Fuji Intl. Finance
ITALIAN LIRE							
Abbey Natl.Treasury Services	200bn	8.375	101.295	Oct.2003	2	-	Deutsche Bank London
Crédit Commercial de France‡	150bn	(c)	100.25	Sep.1998	0.25	-	San Paolo, Turin
SWISS FRANCS							
Depfa(d)*	100	2.5	100	Sep.1998	-	-	UBS

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. *Private placement. ‡Floating rate note. R: fixed re-offer price; fees are shown at the re-offer level. a) Short 1st coupon. b) Coupon pays 3.55% fixed annual until Dec. 1995 and 6-month Libor - 0.125% thereafter. Puttable on 22/12/95 at par. c) Coupon pays 3-month Libor - 0.0625%. d) Denom.: SFr50,000 + 270 9-month warrants. Each warrant is exercisable into DM1000 of 6⅛% Treuhand bonds due 2003 at 102%.

Norwegian ferry group plans to raise NKr150m

VARD, the troubled Norwegian cruise and ferry group, yesterday announced plans to raise NKr150m through a placing of 3m shares with institutional investors, writes Karen Fossli from Oslo.

The issue is aimed at strengthening Vard's equity base and providing greater financial flexibility. Vard's shares closed NKr1.50 higher at NKr53.50 yesterday on the news.

The issue is being arranged by Oslo-based Elcon Securities and DnB Fonds, a unit of Den norske Bank. The shares are to be issued at NKr50 each.

Vard, which has total borrowings of around $220m, said the issue will allow the group to meet debt maturities of $35m–$40m due this autumn.

The company said that the fresh capital would allow a fruitful and constructive discussion with creditors on how to go forward with the refinancing.

News of the share issue follows the announcement last week that Mr Torstein Hagen, the Norwegian investor, had built up a 7 per cent stake in Vard.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:05 pm on September 6

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield	OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
Abbey Natl Treasury 6½ 03	1000	103⅝	103⅞	+¼	5.99	Arbed 7½ 95 LFr	600	99¼	100¼		8.00
AlbertaProvince 9⅜ 95	600	110⅜	110⅝	+⅛	4.19	Genfinance Lux 9⅛ 99 LFr	1000	107¼	110½		7.48
[illegible]						[illegible]					

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	19	37	24
Other Fixed Interest	4	6	3
Commercial, Industrial	372	267	780
Financial & Property	137	177	507
Oil & Gas	11	28	42
Plantations	1	1	6
Mines	20	56	57
Others	13	73	35
Totals	577	649	1,454

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+or-
21	Nil	22/9	16pm	11pm	Arlen	16pm	+2
90	Nil	12/10	8½pm	6pm	Crocktords	6pm	-1
125	Nil	22/9	30pm	20pm	Lilleshall	24pm	+4
19	Nil	13/10	3pm	3pm	Usborne	3pm	
88	Nil	13/10	12pm	10pm	Wickes	12pm	
1	Nil	4/10	½pm	¼pm	Wilton	¼pm	

pm Price at a premium. † Price offered to public.
For other notes please refer to the Guide to the London Share Service.

TRADITIONAL OPTIONS

- First Dealings Aug. 23
- Last Dealings Sept. 10
- Last Declarations Nov. 25
- For settlement Dec. 6

3-month call rate indications are shown in Saturday editions.
Calls: Acorn Comp., Aminex, Aran Energy, Betterware, Burton, Brit. Steel, Cannon St., Caverdale, Govett, IBM, UT Pref., Lucas Wts., Microvitec, S & U, Unigate and Zeneca. Puts: Babcock and Brit. Steel. Puts & Calls: Caverdale and Lucas Wts.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Allied-Lyons (*614)	600	30	43½	52	11½	25	28½
[illegible]							

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Brit Aero	420	42	59	67	25½	39	47
[illegible]							
Grand Met (*443)	420	33	43½	49½	5½	18½	21½
	460	10½	22	29	25	37½	41½
Ladbroke (*210)	200	15	23½	28	7½	14	19
	220	5½	14	17	20½	26	29½
Utd Biscuits (*391)	390	16	31½	35	16½	26	34½
	420	7½	18½	22½	37½	44½	53

Option		Calls Oct	Calls Dec	Calls Mar	Puts Oct	Puts Dec	Puts Mar
Fisons (*175)	160	21½	25	29	3	7	11½
	180	8	13	18	11	17	21½

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Eurotunnel (*489)	460	19	48½	-	8	30	-
[illegible]							
Abbey Natl (*386)	360	30	40	47½	1	5½	12
	390	5½	21½	28½	7	16½	25
Amstrad (*35)	35	1½	4½	5½	2	4	5
	40	1	2½	4	6½	7	8
Barclays (*494)	500	5½	25½	35	12	23	33
	550	1	7	16½	58½	59½	65½
Blue Circle (*273)	260	16	26	31½	2	13	17
	280	3½	14	22	10½	24	27½
British Gas (*328)	300	29	32½	37	1	5½	6½
	330	3½	12	19½	5½	17½	21
Dixons (*222)	220	7½	20	26	4½	13	20
	240	1½	11½	17½	20	25	31½

EURO FT-SE INDEX / FT-SE 100 INDEX OPTIONS: [illegible]

Nov	190	151	115	83	58½	36½	24	11½
Dec	207	170	133	102	77	52	37	24½
Jun †	272	-	207	-	152	-	104	-
PUTS								
Sep	½	2	6½	20½	51½	88	145	195
Oct	8	14½	25	41½	67	102	147	197
Nov	18½	29	40½	60	84½	115	153	198
Dec	26	37½	52	71	95	124	159	200
Jun †	71½	-	106	-	150	-	204	-

September 6 Total Contracts 20,142
Calls 11,306 Puts 8,836
FT-SE Index Calls 4,592 Puts 4,342
Euro FT-SE Calls 1,523 Puts 487
*Underlying security price. † Long dated expiry months.
Premiums shown are based on closing offer prices.

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Mon Sep 6	Day's change %	Fri Sep 3	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (24)	128.90	+0.02	128.88	1.83	7.91
2	5-15 years (23)	155.96	-0.09	156.09	1.75	9.39
3	Over 15 years (9)	174.16	-0.10	175.48	0.38	9.70
4	Irredeemables (8)	203.47	+0.16	203.15	2.46	8.63
5	All stocks (62)	151.16	-0.06	151.44	1.54	9.03
	Index-Linked					
6	Up to 5 years (2)	187.30	+0.02	187.26	0.56	3.41
7	Over 5 years (11)	182.80	+0.31	182.22	0.90	3.42
8	All stocks (13)	182.37	+0.28	181.88	0.86	3.41
9	Debs & Loans (65)	143.56	+0.05	143.82	1.99	7.96

AVERAGE GROSS REDEMPTION YIELDS

			Mon Sep 6	Fri Sep 3	Year ago (approx.)
	British Government				
1	Low	5 years	6.35	6.35	8.76
2	Coupons	15 years	7.07	7.06	8.76
3	(0%-7¾%)	20 years	7.22	7.21	8.76
4	Medium	5 years	6.49	6.48	9.45
5	Coupons	15 years	7.21	7.19	9.00
6	(8%-10¾%)	20 years	7.31	7.30	8.90
7	High	5 years	6.68	6.67	9.71
8	Coupons	15 years	7.46	7.45	9.21
9	(11%-)	20 years	7.49	7.47	9.07
10	Irredeemables(Flat Yield)		7.44	7.45	9.00
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	2.51	2.51	4.64
12	Inflation rate 5%	Over 5 yrs.	3.23	3.25	4.65
13	Inflation rate 10%	Up to 5 yrs.	1.74	1.74	3.90
14	Inflation rate 10%	Over 5 yrs.	3.05	3.07	4.47
15	Debs &	5 years	7.70	7.69	10.54
16	Loans	15 years	8.10	8.09	10.35
17		25 years	8.25	8.25	10.23

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City pleased with interim results from two construction companies

Rugby edges ahead to £30.5m

By Paul Taylor

SHARPLY reduced net interest income offset higher operating profits in the first half at Rugby Group, which supplies cement, joinery, steel and glass to the UK, European and US construction industries.

As a result the group reported only a marginal gain in pre-tax profits, from £30.2m to £30.5m, in the six months to June 30.

Earnings per share improved to 6.91p (6.86p) and the interim dividend is unchanged at 2.85p.

Despite the flat pre-tax profits Rugby's shares gained a further 17p to close at 279p yesterday.

Operating profits increased by 10.5 per cent to £30m (£27.1m) on turnover which grew by 27 per cent to £360.8m (£283.7m).

However, net interest income fell to £493,000 from £3.06m, reflecting the impact of lower interest rates on sterling deposits. At the end of June the group had net cash of £13.5m (£12.4m).

Rugby, which is Britain's third largest cement manufacturer, said despite some slight signs of a recovery in the UK, the construction industry remained depressed and cement sales and profits were both lower.

Cement sales fell by 8 per cent to £58.3m (£63.3m) and operating profits dropped by 15 per cent to £8.79m (£10.3m).

However John Carr, the group's UK-based joinery business, posted modest growth, particularly through recent acquisitions, and managed to lift its operating profits by nearly 4 per cent to £7.27m (£7m) on turnover ahead 16 per cent to £64.5m (£55.6m).

Overall UK operations accounted for £180.3m (£149m) of group turnover and £18m (£17.3m) of operating profits.

Mr Geoffrey Higham, chairman, said the Australian results were "much improved as the economy recovered," as was the case in the US.

However, conditions in continental Europe were less robust although the joinery activities continued to advance.

● **COMMENT**

Rugby is a well-run company with a solid balance sheet that has proved it can manage costs and make profits in even the worst of times, and has thoroughly deserved its premium rating to date. But the management knows it needs to make a large acquisition soon in order to make better use of its cash balances. Pre-tax profits of £61m look possible this year producing earnings per share of 14.1p. Yesterday's share price jump puts the stock on a forward multiple of nearly 20. It is too late for recovery plays, so Rugby may have to take a few more risks to justify its rating in the future.

Wilson Bowden improves to £17m

WILSON BOWDEN, the housebuilder and property development group, is increasing its interim dividend by 6 per cent after reporting higher profits and turnover underpinned by a 28 per cent increase in house sales in the first half, writes Paul Taylor.

The Leicester-based group reported pre-tax profits of £16.8m, including a £5.5m pension scheme refund, in the six months to June 30, compared to £10.3m.

Turnover increased by 30 per cent to £81m (£62.2m) including £65.1m (£48.7m) from housebuilding. Earnings jumped to to 14.3p (8.9p) and the group is paying an increased interim dividend of 2.65p (2.5p).

During the period the group sold 825 houses at an average price of £78,000 compared with 643 houses at £75,700. Mr David Wilson, chairman and chief executive, emphasised that the increase in average selling price reflected the company's policy of selling more larger houses achieved in a market in which house prices, year on year, declined by about 5 per cent.

Mr Wilson described the results as superb considering that "the clouds of economic uncertainty have not entirely disappeared."

Operating profits for housebuilding rose 12 per cent to £8.7m (£7.8m) while property development contributed £4m (£3m). However, Mr Wilson cautioned that profits from property development were uneven and this level of performance would not be repeated in the second half.

The group continued to expand its land bank in anticipation of a significant upturn in housebuilding activity. At the end of June the group owned or had control over 10,300 plots, compared with 8,750 at the end of December.

At the end of June the group had net debt of £21.5m (£18.8m) compared with shareholders funds of £170.9m.

The shares, which almost doubled in price over the past 12 months, closed up 9p at 449p.

● **COMMENT**

This is a quality stock in an industry ravaged by the recession which should be able to push higher volume through as the recovery gathers pace. The company is already outperforming the market and should continue to steal market share from smaller builders and the housebuilding subsidiaries of some of the large construction companies. Nevertheless, the share price has already moved up sharply. Pre-tax profits could reach £28m this year producing earnings of 23.8p and a total dividend of perhaps 9.5p. The stock is trading on a lofty prospective p/e of 18.8 and should be held.

Higher debt trims Perkins to £10m

By Catherine Milton

A SHARP rise in interest costs resulting from a near doubling of debt was in part blamed by Perkins Foods for a fall in pretax profits from £10.9m to £10.1m in the six months to end-June.

However, the interim dividend is being raised from 1.7p to 1.75p from earnings per share of 4.3p (4.8p).

Lower earnings reflected the increased cost of borrowings, declining margins, rationalisation costs, the issue of 4m shares to pay deferred considerations and the relocation of the company's catering meat services.

Net debt increased to £23.8m (£13m), including convertible loan notes worth £5.5m (£5m), with Perkins showing a net cash outflow of £12.9m (£7.1m). Interest payments rose to £1.33m (£445,000).

Gearing at the end of the half year was 62 per cent (29 per cent) up from 34 per cent at the year end. Perkins said gearing usually peaks in the second quarter following payment of final dividend and deferred consideration.

Mr Ian Blackburn, finance director, said gearing should fall to about 50 per cent by the end of the current year.

Turnover rose to £198.7m (£176.3m), reflecting marketing efforts and a currency translation gain which contributed 15 per cent of the rise. Margin pressure in the company's continental European operations, however, meant operating profits virtually flat at £11.4m.

All four of the company's divisions traded profitably although chilled foods made lower operating profits of £2.34m (£2.85m). The mushrooms division also returned lower operating profits of £484,000 (£583,000).

Frozen foods made profits of £6.56m (£6.53m) and fresh produce made £4.1m (£3.14m).

Intrum expands to £7.5m

By Catherine Milton

INTRUM Justitia, the debt collector, yesterday reported pre-tax profits up from £6.81m to £7.47m in the six months to June 30, flattered by the previous period's heavier interest payments and other charges.

Turnover rose to £41.7m (£41.6m) with the release of a provision a year ago disguising an increase on continuing operations and acquisitions from £40.3m to £41.7m. Operating profits fell to £7.82m (£8.07m).

The company said that allowing for exceptional items and a change in the treatment of goodwill, pre-tax profit rose 16.7 per cent, operating profit was up 10 per cent and turnover grew 3.5 per cent.

Mr Bo Goranson, chief executive of the Netherlands-based but London-listed company, said: "We have produced a nice profit but we are in our own recession. When normal companies go into recession they decrease their business and the outcome at the end is that we get fewer debt collections."

He added: "But we see a light in the tunnel. We have already signs in the UK that there is a recovery particularly for us, the increase in consumer borrowing, the car industry picking up."

The board declared an increased gross interim dividend of 1.1p (1p) out of earnings per share of 5.2p (4.6p restated).

Strong dollar behind 20% growth to £26m at Bunzl

By Roland Rudd

THE STRONG US dollar helped Bunzl, the paper and packaging group, to report a 20 per cent increase in pre-tax profits in the half year to the end of June.

Profits rose from £21.7m to £26m on increased sales of £728.8m (£632.2m). The shares firmed 1p to 144p.

After the completion of last year's rationalisation, the group is continuing to look at strategic acquisitions which may require a rights issue.

Mr Anthony Habgood, chief executive, said: "We have told our shareholders that if we do a big acquisition we will talk to them first." He added that he was confident that the group would continue to grow organically.

Net debt rose to £113m representing gearing of 51 per cent. Mr Habgood said borrowings tended to peak at the half year and were inflated by the strong dollar. The group's debt is mostly dollar denominated. Net interest payable, however, declined from £5.3m to £4.4m, mainly because of the fall in interest rates.

Paper and plastic disposables, assisted by the the strong dollar, reported increased operating profits of £16.7m (£13.7m). The continued growth of overseas cigarette markets helped the cigarette filters side increase profits to £5.5m (£4.1m).

Plastics products, benefiting from a buoyant US automotive sector, turned in £5m (£3.4m).

Mr Pat Dyer, deputy chairman and chairman of the BOC Group is to replace Mr David Kendall as chairman in October.

Earnings per share rose to 3.9p (3.2p). The interim dividend is maintained at 1.8p.

● **COMMENT**

Bunzl continues to benefit from its rationalisation programme when it disposed of unwanted companies accumulated in the eighties and cut costs. By holding margins in the face of price deflation in the US it is also showing its metal with existing businesses. While the figures would be less sparkling without the benefit of the strong dollar, much of the profit improvement reflects a clearer strategy. Forecast pre-tax profits of £56m put the shares on a prospective multiple of 17.5. With the prospect of a stronger recovery in the US, where 60 per cent of its revenues are generated, its premium to the market still looks justified.

Sterling devaluation helps Laird advance to £23.6m

By David Blackwell

EXCHANGE rate movements helped lift first-half pre-tax profits at Laird Group, the manufacturer of car components and industrial products which makes more than 80 per cent of its money overseas.

Pre-tax profits rose from £20.4m to £23.6m. Turnover grew to £324m (£295m). The company said profits had been lifted by £2.7m and sales by £40m through the devaluation of sterling.

Profits also included an exceptional credit of £3.1m, being £5.1m from the settlement of a patent dispute, less a £2m provision for redundancies expected later this year in the German automotive seals sector.

Operating profits in the seals division fell from £13.7m to £13.2m, mainly because of the recession in the German automotive industry.

Profits in the industrial products division rose to £9.3m from £7.3m, while the service industries side – which includes US printing and plastics distribution – turned in £4.7m (£3.6m).

Earnings per share were 12.3p (11.7p), and the interim dividend was held at 4.2p.

Separately Laird announced yesterday the purchase of the car body seal business of Happich, the German components maker, for DM24m (£9.6m) cash. The business, whose main customers are Mercedes, BMW and Opel, had turnover last year of DM39m.

● **COMMENT**

Laird's strong presence in the German automotive sector, where it has 50 per cent of the market for car seals, will be further enhanced by yesterday's acquisition. However, its heavy dependence on German car production – down some 25 per cent in the half – is underlined by the fact that only sterling's devaluation pushed profits and turnover higher during the period. The currency factor will start to fade in the second half, and the group is also faced with a slowdown in car production elsewhere in Europe. Its financial and technical strength in the automotive sector will see it through the recession, but in terms of profits it will have to run very hard just to stand still. Meanwhile the non-automotive activities, which the group is seeking to expand, look a bit of a rag-bag. Earnings this year are forecast at 20p for a p/e of 16.3, a generous rating for a company so exposed to the European motor recession.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
ASW .....int	3	Nov 5	3	-	6
Brammer .....int	4.5	Nov 1	4.5	-	13
British Vita .....int	3.65	Nov 8	3.5	-	7.15
Bunzl .....int	1.8†	Jan 2	1.8	-	4
Claremont Garmts .....int	3.6	Jan 4	3.3	-	7.25
EFM Income Tst .....int	1	Nov 12	1.2	-	4.875
Fairey .....int	3.8	Nov 15	3.3	-	10.2
Haggas (John) .....fin	2	Nov 26	2	3	3
Haynes Publish .....fin	4.5	Nov 12	3.5	6	6
Intrum Justitia .....int	1.1‡	Nov 5	1	-	3
Laird .....int	4.2	Dec 3	4.2	-	10.5
Liberty .....int	1.85	Nov 11	1.85	-	7.2
Lionheart .....int	0.1	Nov 3	0.2	-	0.2
Perkins Foods .....int	1.75	Oct 22	1.7	-	4.4
Rugby Group .....int	2.85	Nov 19	2.85	-	6.45
Suter .....int	3.4	Nov 22	3.2	-	8.8
TLS § .....int	nil	-	nil	-	0.25
Wills Group .....fin	0.3	Nov 5	0.1	0.4†	0.1
Wilson Bowden .....int	2.65	Nov 8	2.5	-	8.7

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ‡Gross.

This announcement appears as a matter of record only

OSAKA GAS

Barclays de Zoete Wedd acted as sole book runner for Osaka Gas Co., Ltd. in the issue of £150,000,000 8.125 per cent bonds due 2003.

August, 1993

This announcement appears as a matter of record only

THE KANSAI ELECTRIC POWER CO., INC. OSAKA, JAPAN

Barclays de Zoete Wedd acted as joint-book runner for The Kansai Electric Power Co., Inc. in the issue of £300,000,000 7.425 per cent bonds due 1998.

April 1993

BZW

Poseidon Gold Limited

ACN 007 511 096

Report on Activities for the Year ended 30 June 1993

PosGold

Poseidon Gold Limited ("PosGold") manages both direct interests in gold mining operations and indirect interests in three of Australia's largest gold mines through its major shareholdings in Mt Leyshon Gold Mines Limited ("MLGM"), North Flinders Mines Limited ("NFM") and Gold Mines of Kalgoorlie ("GMK").

Significant events for the year include:

- Consolidated operating profit, after tax and minority interests, of US$48.5 million (1992 - US$33.4 million)
- Final dividend of US$0.034 per share, franked to 75%, taking total dividends for the year to US$0.068 per share
- Average price of US$398 per ounce realised on Group gold sales
- Group production of 1,155,585 ounces
- Equity share of production of 713,871 ounces
- Average equity share mine operating costs of US$187 per ounce
- Equity share of gold in reserves increased to 5.3 million ounces
- GMK's Super Pit reserve increased by 62% to 10.5 million ounces of contained gold

Production	PosGold Interest (%)	Year Ended 30 June 1993 Group Share (oz)	Year Ended 30 June 1993 Equity Share (oz)	Year Ended 30 June 1992 Group Share (oz)	Year Ended 30 June 1992 Equity Share (oz)
PosGold Direct Interests	100	368,614	368,614	226,995(1)	226,995
MLGM	75.6(2)	219,383	165,853	216,028	96,370
NFM	49.9	170,674	85,303	35,786(1)	17,886
GMK	25.6(3)	396,914	94,101	411,250	95,904
TOTAL		1,155,585	713,871	890,059	437,155

(1) Includes share of production from operations acquired through merger with ACM Gold from the June 1992 quarter
(2) Effective July 1992
(3) Effective May 1993

Note: Amounts quoted in US dollars are Australian dollars converted at the rate of A$1.00 = US$0.68

Annual Reports for these companies can be obtained by writing to:
The Company Secretary, Poseidon Gold Limited, 100 Hutt Street, Adelaide, SOUTH AUSTRALIA 5000
or Telephone: +618 303 1700 Facsimile: +618 232 0198

SCA Extraordinary General Meeting

The shareholders of Svenska Cellulosa Aktiebolaget SCA are hereby called to attend an Extraordinary General Meeting, to be held in Polhemssalen, Ingenjörshuset, Malmskillnadsgatan 46, Stockholm at 4:30 p.m. on Thursday, September 23, 1993.

Notification

Shareholders desiring to participate in the Meeting must:

- be recorded in the share register maintained by the Swedish Securities Register Center (Värdepapperscentralen VPC AB) not later than September 13, 1993, and
- notify SCA of their intention to participate not later than 4:00 p.m., Monday, September 20, 1993, in writing, to SCA, Corporate Secretariat and Legal Affairs, 851 88 Sundsvall, Sweden, or by telephone +46 60 19 31 14, or by telefax +46 60 19 31 34.

Name, personal identification/organization number (where applicable), telephone number and number of shares should be provided upon notification.

Shareholders who have transferred their shares to the trust department of a bank, or to a private broker, must temporarily register the shares in their own name with the Swedish Securities Register Center (VPC) not later than September 13, 1993. Such temporary re-registration should be received by the trust department or broker well in advance of the deadline.

Agenda

The following matters shall be addressed at the Meeting:

1. Election of Chairman of the Meeting.
2. Preparation and approval of the list of shareholders entitled to vote at the Meeting.
3. Election of two minutes checkers.
4. Determination of whether the Meeting has been duly convened.
5. Motion with respect to the Board of Directors' decision on a change of § 4 of the Company's Articles of Association, whereby the Company's share capital shall be not less than SEK 1,700,000,000 and not more than SEK 6,800,000,000.
6. Motion to approve the Board's decision on a new issue of shares, made conditional upon the approval of the Meeting, meaning that the Company's share capital shall increase by SEK 185,321,730 through the new issue of not more than 5,838,227 Series A shares and not more than 18,532,173 Series B shares, subject, however, in a maximum not to exceed an aggregate of 18,532,173 Series A and Series B shares combined, each with a par value of SEK 10, in accordance with the following terms:

   The new shares shall be subscribed in accordance with preferential rights of the Company's shareholders, as follows. Shareholders shall have preferential rights to subscribe for one new share for each full multiple of ten old shares held, whereby old shares of Series A carry rights to subscribe for new shares of Series A or B and old shares of Series B carry rights to subscribe for new shares of Series B. The issue price shall be SEK 80 for each new share. The record date for the new issue shall be September 28, 1993. Subscription shall be effected through payment during the period October 4 to 27, 1993, during which time shareholders shall be entitled to exercise their preferential rights. The new shares shall carry entitlement to participate in the distribution of dividends from and including the 1993 fiscal year. The stamp tax for the new shares will be paid by the Company.
7. Motion on the Board's proposal to authorize the president of the Company to make such changes in the issue decision that may be required to be able to effect registration.
8. Skandia's proposal that the Meeting approve that adjustment be effected of the terms of the unutilized 1983/93 Series 1 warrants with option rights to subscribe for new SCA shares, in a manner such that subscription would be accepted also with regards to application made during a certain period after the close of the original application period on June 17, 1993. The proposal also means that the Board of Directors shall be entitled to determine the necessary specific terms in conjunction with the adjustment, including that subscription shall be permitted on behalf of all absentee holders of warrants.

The Board of Directors' complete proposals and the decision with respect to the new share issue, as well as documents pursuant to Chapter 4 § 4 of the Swedish Companies Act, shall be available at the Company's address, Stureplan 3, Box 7827, S-103 97 Stockholm, Sweden, from September 16, 1993.

Stockholm, September 1993
Board of Directors

SCA

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British Vita blames fall on European recession

By Roland Rudd

THE COST of closing its lossmaking Spanish operations adversely affected British Vita, the plastics and foam company, which reported a 39 per cent fall in pre-tax profits in the half year ending June 30.

Profits fell from £26.8m to £16.3m on increased sales of £404.4m (£372.9m). The shares fell 17p to 243p.

With about two-thirds of its revenues generated from continental Europe, Mr Duncan Lawton, deputy chairman, said the half year had been very tough.

However, by exiting out of Spain Mr Lawton said the group had "great confidence that there will be a turnround on mainland Europe. There is still some more sorting out to do but the worst is over".

The cost of disposing of the Spanish operation was £3.5m. It made an operating loss of £2m which was partly responsible for the group's continental European operations reporting a 37 per cent fall in operating profits to £12.4m.

Sterling depreciation, which helped last year's results, was pushing up D-Mark denominated raw material prices, affecting the group's cellular operations.

Operating profits from the UK side fell from £8.1m to £6.7m. Profits from the international business rose to £427,000 (£317,000).

The group plans to continue to cut costs; the workforce has already been reduced by 350 to 9,000.

With net cash of £40m left over from last year's rights issue, Mr Lawton said: "We are continuing to look at acquisitions but we are not used to paying high prices."

Mr Alan Jones, who worked for National Westminster Bank, joins the board as a non-executive replacing Mr James Ogden, who has retired.

Earnings per share fell from 7.9p to 4p. The interim dividend is raised to 3.65p (3.5p).

● COMMENT

With almost 70 per cent of revenues generated from mainland Europe British Vita is out of step with the UK chemical sector. While it is not unusual to have a high overseas exposure most UK chemical companies tend to weight it towards the Commonwealth or North America. British Vita is now paying the price for being different as its main markets slide deeper into recession. After closing its Spanish operations its main emphasis must be to control costs in Germany. The increase in the interim dividend is meant to underline the company's confidence in the future. However, with forecast annual pre-tax profits of about £35m, the shares look expensive – at least in the short-term – on a prospective multiple of 26.

Colin Beere

Bob McGee (seated), chairman, with chief executive Rod Sellers

Takeover bid for Manchester City denied

By Ian Hamilton Fazey, Northern Correspondent

MR FRANCIS LEE, the former England footballer who became a millionaire through developing a successful tissue paper business, yesterday denied he was making a takeover bid for Manchester City Football Club, where he was once a famous player.

However, he added that he and two colleagues were willing to invest substantial funds in the club if shareholders and supporters wished.

It emerged yesterday that it would be almost impossible to mount a hostile bid for Manchester City. Only 4 per cent of shares are in general ownership. Mr Peter Swales, the chairman, and Mr Stephen Boler, a kitchens company owner and close friend, have 38 per cent each.

The remaining 20 per cent is owned by Greenall Whitley, the Warrington brewer. Mr Andrew Thomas, Greenall's chairman, is on the Manchester City board and is a close supporter of Mr Swales. The club's 1992 accounts show net assets of £23m and Mr Swales is predicting profits of about £1m this year after transfers of players are finalised.

Mr Swales has become unpopular with football fans after sacking Mr Peter Reid, the club's manager, following a poor start to the new season. After making it clear yesterday that he would not relinquish control, he said he was prepared to meet Mr Lee at any time to discuss possible participation.

Mr Lee has been scathing about the running of the club in the past, claiming that if cups were given for "cock-ups", Manchester City would by now have a bulging trophy room.

Francis Lee: willing to invest substantial funds

All-round growth lifts Fairey 26% to £10.2m

By David Blackwell

FAIREY, the specialist electronics and engineering group, reported a 26 per cent rise in pre-tax profits for the half year ended June 26, reflecting a strong performance in all its main operating divisions.

Profits were £10.2m (£8.1m) on the back of a 32 per cent rise in turnover from £48.2m to £63.8m.

Mr John Poulter, chief executive, said the results showed "the abilities of the group's businesses – both long established and recently acquired – to prosper in the uneven world trading environment."

He described the performance of the core electronics and electrical power sector as "gratifying," reflecting both organic growth and contributions from acquisitions made in the second half of last year. There was slight disappointed with sales in France and Germany; but operating profits of the division rose to £7.19m (£5.08m) on turnover up to £39.2m (£25.7m).

This month the group completed the acquisition of Luxtron, a Californian maker of temperature measuring and semi-conductor process control equipment, for $12.7m (£8.4m). Fairey said it had concentrated on acquiring specialised electronics companies with a niche market rather than commodity electronics companies.

Operating profits in the aerospace and defence division, which only a few years ago accounted for nearly half group turnover, rose to £1.33m (£778,000) on turnover of £11.3m (£10.06m).

Mr Poulter said the 1992 figures had been distorted by the consolidation of the division on one site. Nevertheless, margins in the latest period had held up well, costs were under control and new business had been attracted. The Saudi order for Tornadoes would generate useful profits in 1995 and 1996.

Filtration and ceramics was the one sector where companies experienced "a somewhat tougher time in the recession", Mr Poulter said. Operating profits edged ahead to £1.58m (£1.54m) on turnover of £13.3m (£12.4m).

Net cash was £6.1m at June 26, up almost £4m since the end of last year. Net interest receivable fell, however, from £718,000 to £146,000. Earnings per share were 18.3p (15.4p) and the interim dividend is raised to 3.8p (3.3p).

Lilliput Lane to float 3 years after £1.2m rescue

By Ian Hamilton Fazey, Northern Correspondent

LILLIPUT LANE, the Cumbrian miniature model maker, is to float in November, only three years after being rescued with £1.2m of venture capital.

North of England Ventures, which put in £850,000, is expected to make an estimated £7m from selling five-sixths of its 30 per cent stake.

Lazard Ventures, which had previously backed a disastrous diversification by Lilliput in 1987, was the other institutional equity partner in the 1990 deal.

Mr John Russell, whose appointment as chairman and chief executive was a condition of the rescue, will continue to run the business.

Lilliput Lane employs 650 people, has 140 current models and exports to 45 countries.

It was founded 11 years ago by Mr David Tate, an artist who worked out how to mould intricate miniature designs for mass production.

He is the technical director and will be the third principal beneficiary of the flotation.

Mr Russell, an accountant who learned his managerial skills with Burton and Courtaulds, introduced productivity controls into the mass hand-painting of Lilliput's models.

He also developed a worldwide collectors' club. This now has 63,000 members, nearly 18,000 of them in the US, where models which have been "retired" from production sometimes change hands for thousands of dollars.

Imry incurs £24.5m loss after making provisions of £21m

By Vanessa Houlder, Property Correspondent

IMRY Holdings, the property company taken over by Barclays last December after one of the largest debt write-downs in corporate history, incurred a loss for the year to March 31 of £24.5m.

The company made provisions of £21m against loss on investment and trading properties and joint venture schemes.

Value of the investment and trading portfolio fell by 8.5 per cent to £276.6m. Its net assets were £71m at the year end.

Mr David Davies, chairman, said last year was one of the most demanding ever experienced by the property industry. However, he added that lower interest rates, together with a bottoming out of the economy, was encouraging greater activity in the property market as a whole.

Imry's current debt is about £200m, of which £60m is owed to Barclays. The balance, due to other institutions and banks, is a mixture of long-term debentures, a facility to finance part of the trading portfolio and a medium-term loan secured on the The Shires shopping centre in Leicester.

Mr Davies said that Imry was unlikely to remain part of Barclays in the long term. He said that a flotation or a reversal into a quoted company was "a logical outcome" over the next three to five years.

Imry's property is split between office and retail property, with a small element of industrial property. Its largest asset is The Shires, which covers 500,000 sq ft.

After Barclays took control of Imry, it appointed Mr David Casson and Mr Lawrence Jones as non-executive directors. Mr Casson is deputy divisional director of general advances Barclays Banking Division Head Office. Mr Jones is senior risk management director of Barclays Bank London central region.

The company had net rental income of £18.9m. Its net interest bill was £18.6m.

Barclay's involvement in Imry stemmed from 1989 when it financed a highly leveraged takeover of the company.

Castle Mill negotiates debt restructuring

Castle Mill International, the lossmaking clothing and household textiles company, has successfully negotiated a financial restructuring package.

The proposals principally entail the satisfaction of £1.5m of bank debt via the issue of 6.31m ordinary shares, the restructuring of the repayment timetable for the balance of the bank debt and the settlement of three items of litigation in which Castle is involved by cash repayments.

Last week the group reported a widening of losses from £182,000 to £256,000 pre-tax for the half year to end-June on turnover of £1m (£3.75m). Losses per share were 1.84p (1.36p).

The company's shares shed 1p to 6¾p yesterday.

Whitbread sells Lansbury inns to private buyer

By Michael Skapinker, Leisure Industries Correspondent

Whitbread has sold 15 of its Lansbury hotels to Countryside Coaching Inns, a newly-formed private company.

The sale, for an undisclosed sum, is part of Whitbread's reshuffling of its hotel portfolio. The food, drinks and leisure group says it intends to sell a further eight Lansbury hotels, leaving it with 19.

The remaining hotels are 50 to 60 room three-star establishments. The hotels sold and those still up for sale do not fall into this category.

The group also has its Travel Inn brand of budget hotels, as well as Country Club hotels, which it markets as conference venues with sporting facilities.

M&S orders help Claremont to £4.42m

By Catherine Milton

MORE ORDERS from Marks and Spencer and two acquisitions helped Claremont Garments (Holdings), supplier to the high street retailer, lift pre-tax profits from £2.83m to £4.42m in the six months to June 26.

Turnover rose to £47.1m (£21.7m) but comparisons are difficult because Claremont, which sells about 93 per cent of its turnover to M&S, bought J&J Fashions and Alexander Milnes towards the end of the first half of 1992.

Mr Peter Wiegand, chairman, said M&S had increased its orders from Claremont, which generally offset the effects of the retailer's Outstanding Value campaign. M&S has held about 75 per cent of its clothing prices and cut prices on the remaining quarter.

"There have not been a lot of price increases but we have seen increased volume and longer runs which means we make the clothes more efficiently."

Mr Wiegand said orders were up by about 5 per cent compared with this time last year. "We are now looking to move into men's wear and will sell overcoats this autumn, with men's tailored jackets and leisure wear planned for next spring."

The company would also like to supply lingerie in future, Mr Wiegand said. "If the right thing came along we certainly could be acquisitive. We are trying to broaden our range."

Mr David McGarvey, managing director, said the company was aiming to bring its operating margins of 9.8 per cent up to the 13.3 per cent it was making before its acquisitions last year and it expected further gains from rationalisations.

Net debt rose from £3m at the year-end to £10.5m, including an £8.8m convertible loan note, at the halfway stage, giving gearing up from 15 per cent to 46 per cent over the six months. Net interest charges rose to £186,000 (£86,000).

The board declared an increased interim dividend of 3.6p (3.3p) out of earnings per share of 7.3p (6.6p).

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for Trading on 07.09.93: Pool purchase price £/MWh	Final Prices for trading on 03.09.93: Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.12	20.53	23.86
0100	18.11	20.39	23.84
0130	18.11	20.39	23.83
0200	18.11	20.39	23.82
0230	18.11	20.39	23.82
0300	18.11	20.39	23.83
0330	18.11	20.39	23.83
0400	18.11	20.39	23.83
0430	18.11	20.39	23.83
0500	18.11	20.39	23.83
0530	20.54	18.03	18.03
0600	20.59	33.00	33.00
0630	20.54	33.00	33.00
0700	21.54	33.00	33.00
0730	23.73	21.24	24.66
0800	24.69	25.02	28.58
0830	27.56	25.49	28.92
0900	28.07	25.52	28.94
0930	28.19	27.92	31.41
1000	28.24	27.96	31.41
1030	28.32	27.96	31.42
1100	28.48	27.98	31.48
1130	33.47	31.50	36.18
1200	33.74	32.25	35.95
1230	33.57	32.23	38.91
1300	33.35	32.16	35.78
1330	27.06	27.64	31.08
1400	28.76	27.37	30.78
1430	26.70	27.35	30.77
1500	26.70	25.50	28.86
1530	26.72	25.50	28.86
1600	26.92	25.51	28.87
1630	33.58	27.38	30.79
1700	38.17	32.05	35.61
1730	38.00	32.04	35.61
1800	38.54	32.02	35.60
1830	36.95	25.48	28.85
1900	26.30	25.47	28.84
1930	24.88	25.47	28.86
2000	25.54	18.48	18.48
2030	34.37	18.24	18.24
2100	34.36	19.62	19.62
2130	34.21	34.37	38.00
2200	34.89	34.37	38.01
2230	23.42	34.37	38.07
2300	21.73	34.37	38.11
2330	20.84	22.95	25.87
2400	20.54	20.60	24.15

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0532-[illegible] between 8.30am and 5.15pm Monday to Friday.
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Vita

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Baker & McKenzie, the international law firm, will be holding its annual Conference on 12 October 1993 in Berlin. The Conference will focus on cross-border transactions and will address some of the current legal issues facing businesses involved in such transactions.

The Conference will offer four simultaneous sessions:

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- "Employment Law Aspects of Collective Redundancies and Business Re-organisations".

Details are available on request. Please complete the tear off-slip below and return to Baker & McKenzie as indicated. There will be no charge for attendance at the Conference.

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Exceptional behind Suter's surge to £30m

By Andrew Bolger

INTERIM pre-tax profits of Suter jumped from £9.4m to £29.6m, thanks mainly to an exceptional £19.1m gain on the disposal of the industrial conglomerate's valves business.

However, the underlying businesses also improved, with trading profit from continuing operations increasing from £9m to £10.9m in the six months to July 3.

Turnover of the continuing businesses was 6 per cent higher at £92.2m, about half the gain arising from currency translation. Overall sales were slightly down at £99.1m (£99.6m), but the current year included a four-month contribution from valves.

Suter said significant improvements were seen in the environmental division in the UK and speciality chemicals, while businesses close to the high street – haircare products, spectacle cases and giftware boxes – also experienced a notable improvement in demand.

The group said those areas offset less favourable conditions in other areas – refrigeration wholesaling, fine chemicals and automotive components, although individual automotive businesses less exposed to continental European markets had performed satisfactorily.

Mr David Abell, chairman, said: "These interim results are pleasing but do not fully reflect the progress we have made in improving efficiency through capital investment and reduction of the costs base. The profit potential for the upturn is bright."

Mr Abell said he was content, meantime, to monitor developments at James Wilkes, the troubled engineering group in which Suter has built up a 19.3 per cent stake. Suter would not sell its stake at current price levels, but could not move until the intention of other large shareholders became clearer.

Basic earnings per share jumped from 5.5p to 17.5p. Excluding exceptionals, the fully diluted figure rose from 5.4p to 6.3p. The interim dividend was increased by 6 per cent to 3.4p (3.2p).

Lionheart in black with £0.5m and pays interim

By Ian Hamilton Fazey, Northern Correspondent

LIONHEART, the Cheshire-based paint brush manufacturer, home improvements and retail display systems group, has returned to profit and the dividend list.

In the six months to June 30 the pre-tax profit was halved to £518,000 (£1.1m) – a recovery from the second half of last year when the group incurred a loss of £1.97m and passed its final.

It had only resumed paying dividends in 1991 after reconstruction under Mr Paul Lever, the former chief executive of Crown Paints.

Mr Lever said yesterday that cuts in overheads and improvements in margins had been underpinned by a small improvement in demand, with sales at £22.4m (£21.5m).

All parts of the group were profitable in the first half and he expected recovery to continue.

Earnings per share were 0.13p (0.48p). The interim dividend is 0.1p, against 0.2p.

Mr Lever said new shower fittings designed by the Croydex subsidiary had been successfully launched, while Sloane, which makes bespoke merchandising units, had won strong business in the UK and US among compact disc, video and entertainments retailers.

Lionheart is 20 per cent owned by Newell, the US paint brush company.

Aiming to follow a new seam

Michael Smith and Robert Peston consider plans to give Geevor, the former tin mining company now a shell, a new lease of life

SHAREHOLDERS in Geevor, one of the UK's oldest mining companies, are a long-suffering group.

They have provided money several times in recent years with little to show for it, the last when they took up £1.25m of loan notes to launch an unresolved court case against a bank which withdrew banking facilities.

But holders of the equity and loan notes can celebrate yesterday's disclosure of plans to turn the company from the shell it has become into an ambitious coal mining company with the assistance of Mr Malcolm Edwards, the former British Coal commercial director who is to become Geevor's chairman.

From the middle of next month they should be able to trade their shares on the stock market for the first time since they were suspended 18 months ago.

There is a reasonable chance that the shares will rise from the 4.75p suspension price if some of Mr Edwards' bids for five British Coal pits prove successful and he can persuade the market that he can make money out of them.

He has some hard talking to do, however. The pits he has bid for have been rejected by British Coal. There has not been a rush of takers for the 19 pits put out to licence by the corporation, which has received about a dozen bids for eight pits. Five of the bids are from Mr Edwards and another five are from RJB Mining.

Mr Edwards' confidence stems from his belief that the pits can be profitable if producing lower tonnages through methods less capital and labour intensive than those used by British Coal.

He also intends to aim some of his output at parts of the market other than power stations on which British Coal concentrates. He believes that British Coal is importing 1.2m tonnes of coal a year and that some of this could be replaced by UK coal from mines Geevor may buy.

The thinking is similar to that of RJB Mining. Both Edwards and RJB feel the need of. stock market funds to achieve the potential provided by British Coal's contraction. RJB chose a flotation earlier this year. Mr Edwards has chosen to move into the shell of Geevor.

"It is a relatively cheap and quick way of getting to the market," he said yesterday.

Tony Andrews

Malcolm Edwards: confident that the pits can be profitable

Geevor made its name over 85 years largely through its association with tin mining. It has been involved with coal only recently and even then at the periphery of its operations.

It ceased tin mining in 1990 and now has minimal assets. Its main hope of survival in the last year or so collapsed with AF Budge the civil engineering group forced into receivership last year which had been keeping the company afloat.

Since then Smith New Court, Geevor's stockbroker, has been looking for a company with mining-related interests to take it over. This is because many of Geevor's institutional shareholders hold the equity in mining funds.

Mr Edwards is not taking the company over – his eventual stake will be about 3 per cent, but his involvement enables the restructuring necessary to attempt the transformation in Geevor's fortunes.

He is putting Coal Investments, a subsidiary of Edwards Energy, his consultancy, into Geevor, to be renamed Coal Investments.

Geevor is also buying UK Mining, a small Welsh company, the assets of which include the Cwmguili pit. Officially closed by British Coal in 1980 after 30 years of operation, Cwmguili survived under the corporation's ownership until last year under salvaging arrangements which enabled the continuation of mining.

It is capable of producing about 100,000 tonnes of coal but needs several hundred thousand pounds of investment.

Its creditors and shareholders will be given shares in Coal Investments as will Geevor's current creditors, led by the loan stockholders.

Most of Geevor's creditors have already agreed to take £10 of new shares in exchange for every £100 of debt they hold, according to Mr Christopher Stainforth, an executive at Guinness Mahon, the merchant bank, who devised the reconstruction plan and is advising Mr Edwards.

The deal is a comeback for Mr Stainforth, a former director of the broking firm Phillips & Drew, who is rebuilding his City career following his acquittal last year in the long-running Blue Arrow trial.

Following the restructuring, there will be a 16-for-1 rights issue to provide about £1.75m which can be used to provide the working capital for Cwmguili and, if necessary, funding for one of the five pits for which Mr Edwards is bidding.

Mr Stainforth is restructuring the balance sheet with the aim that the shares will pay a dividend yield of a little less than 10 per cent within two years at the yet-to-be-determined rights issue price.

Success in bids for any of the other four mines would almost certainly cause Coal Investments to return to the market for additional equity. Mr Stainforth said that the company would prefer not to fund future expansion with borrowings.

At Coal Investments, Mr Edwards will be joined by Mr Brian Nicholls, 53, a former British Coal employee who has worked in Australia for the last 22 years. He will be director in charge of mining operations.

Mr David Howard, 40, formerly of Ernst and Young will join as finance director.

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N&P

National & Provincial Building Society
Japanese Yen 10,000,000,000
Floating Rate Notes due 1995
For the six months
7th September, 1993 to 7th March, 1994
In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 4.25 per cent. per annum, and that the interest payable on the interest payment date, 7th March, 1994 against Coupon No. 11 will be Yen 2,107,534 per Yen 100,000,000 Note.
The Industrial Bank of Japan, Limited
Agent Bank

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This announcement appears as a matter of record only. September 1990
COFINEC
Compagnie Financière pour l'Europe Centrale
has acquired a controlling interest in
Petőfi Printing Co. Ltd.
(a company incorporated under the laws of the Republic of Hungary)
as part of the First Privatisation Program by the
State Property Agency (SPA) of Hungary

This announcement appears as a matter of record only. November 1991
Petőfi Printing Co. Ltd.
(a company incorporated under the laws of the Republic of Hungary)
DM 10,000,000 Loan Facility
Provided by
European Bank for Reconstruction and Development

This announcement appears as a matter of record only. July 1992
Petőfi Printing Co. Ltd.
(a company incorporated under the laws of the Republic of Hungary)
International Private Placement of 6,046 Registered Shares of Common Stock of HUF 50,000 each
The undersigned acted as financial advisor to Petőfi on this transaction.
Morgan Stanley International

This announcement appears as a matter of record only. July 1993
Petőfi Printing Co. Ltd.
(a company incorporated under the laws of the Republic of Hungary)
HUF 1,350,000,000 Dividend Notes Due 1998
The undersigned acted as financial advisor and sole manager to Petőfi on this transaction.
Credit Suisse First Boston Budapest Rt.

This announcement appears as a matter of record only. May 1992
COFINEC
Compagnie Financière pour l'Europe Centrale
and
Hungarian Investment Company Ltd. (HICL)
have acquired 85% of
KNER
Kner Printing House Co. Ltd.
(a company incorporated under the laws of the Republic of Hungary)
as part of the First Privatisation Program by the
State Property Agency (SPA) of Hungary

This announcement appears as a matter of record only. February 1993
KNER
Kner Printing House Co. Ltd.
(a company incorporated under the laws of the Republic of Hungary)
DM 10,000,000 Loan Facility
Provided by
European Bank for Reconstruction and Development
The undersigned acted as financial advisor to Kner Printing House Co. Ltd. on this transaction.
Morgan Stanley International

This announcement appears as a matter of record only. February 1993
KNER
Kner Printing House Co. Ltd.
(a company incorporated under the laws of the Republic of Hungary)
Private Placement of 27,000 Registered Shares of Common Stock of Par Value HUF 10,000 each
The undersigned acted as financial advisor to Kner Printing House Co. Ltd. on this transaction.
Morgan Stanley International

Four years ago Cofinec began investing in the emerging Central European markets, focusing on the packaging industry in particular. Today, in our product lines, we are the leading packaging manufacturer in Central Europe, and the eleventh largest in Europe overall, competitive with all the major players.

Recognising opportunities, finding the right companies and arranging effective finance is only part of the story. It also takes vision, committed management and the latest technology. Essential ingredients in helping the East become partners with the West.

The financings shown here represent a commitment of over US$75 million by Cofinec and its partners to the packaging sector in Central Europe which, to our knowledge, is more than anyone else in the industry.

COFINEC
Gußhausstraße 2/2, 1040 Vienna, Austria
Tel: (43 1) 504 28 60 Fax: (43 1) 504 28 60 60

Sime Darby

Sime Darby Group

PRELIMINARY ANNOUNCEMENT

HIGHLIGHTS OF UNAUDITED CONSOLIDATED RESULTS
FOR THE YEAR ENDED 30TH JUNE 1993

	1993 RM Million	1992 RM Million
TURNOVER	7,041.4	6,197.5
PROFIT BEFORE TAXATION	840.8	755.4
EARNINGS	403.2	353.5
EXTRAORDINARY PROFITS	60.5	4.7
	Sen	Sen
EARNINGS PER SHARE	25.7	22.6
DIVIDENDS PER SHARE – GROSS	20.0	18.0

The profit before tax figure for the year of RM 840.8 million is 11% higher than last year and is the sixth successive year of record profits.

Earnings and earnings per share are 14% higher than last year and have more than quadrupled since 1987.

Westpac Banking Corporation

(Incorporated with limited liability in the State of New South Wales, Australia)

U.S. $240,000,000
Perpetual Capital Floating Rate Notes

In accordance with the terms and conditions of the Notes, notice is hereby given that for the Interest Period from 7th September, 1993 to 7th March, 1994 the Notes will carry an Interest Rate of 3·9875 per cent. per annum. The Interest Amount payable on the Interest Payment Date which will be 7th March, 1994 is U.S. $20,048·26 for each Note of U.S. $1,000,000.

Westpac Banking Corporation
Agent Bank
Westpac House,
75 King William Street,
London EC4N 7HA

European Investment Bank

**Italian Lira 200 Billion
Floating Rate Notes due March 1998**

Notice to the Holders

Notice is hereby given that the Notes will carry an interest rate of 8.9375% per annum for the period 06.09. 1993 to 07.03. 1994.

- ITL 225,920 per ITL 5,000,000 nominal
- ITL 2,259,201 per ITL 50,000,000 nominal

Luxembourg, September 07, 1993

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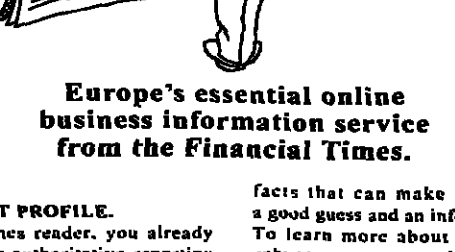

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FT PROFILE BUSINESS INFORMATION
PART OF THE FINANCIAL TIMES GROUP

APT 3EUR

COMPANY NEWS: UK

ASW back in the black midway with £1.5m

By Andrew Baxter

ASW HOLDINGS, the steel products group based in Wales, bounced back into the black in the *first half of* 1993 and announced a £10m scheme to reduce costs substantially at one of its Cardiff rolling mills.

Pre-tax profits were £1.5m, compared with a loss of £2.1m for the corresponding period and a deficit of £8.7m - including £4.6m of restructuring costs - for the second half of 1992.

Turnover in the opening half was £230.5m (£190.5m). Earnings per share were 0.0p (losses 4.2p) and the interim dividend is maintained at 3p.

Mr Alan Cox, chief executive, said the company felt "more confident than in a long time" about its main steel businesses.

These activities made a first-half operating profit of £5.7m (£900,000), almost all of which came in the second quarter as the benefits of price increases and higher margins came through.

Mr Cox said the steel businesses' operating profit was running at an annual rate of £23m in the second quarter. This compares with a peak of £41.5m achieved in 1990 before the collapse in UK and European steel prices.

He was cautious about the outlook for margins in the steel business. Currently they were not as high as in the second quarter, and predictions for 1994 would depend on the trend in the last three months.

In some parts of Europe, he *said, margins were still lower* than in 1992.

The £10m investment at Cardiff will change the cost structure for production of merchant bars - angles and other sections used in engineering.

ASW's much *smaller* construction systems business incurred a loss of £2.5m (£1.9m) deficit a year earlier. But Mr Cox said a much reduced deficit was expected in the second half and expressed optimism about the division's new products.

The group has not produced a balance sheet at the half year stage, but said the increased volumes and higher prices in its steel business led to higher levels of working capital. Borrowing facilities were enough to accommodate this increase and projected capital spending.

Alan Cox: company felt more confident than in a long time

Costs of acquiring Roulement Service leave Brammer unchanged at £4.2m

By Andrew Bolger

BRAMMER, the industrial services group, reported flat pre-tax profits of £4.2m in spite of increasing sales by 27 per cent to £71.2m, against £56.1m, for the six months to June 30.

A strong performance by BSL, the distributor of ball-bearings and power transmission products, helped increase group operating profits by 27 per cent to £5m, compared with £3.91m.

However, the pre-tax figure was affected by the impact of *last year's acquisition of Roulement Service*, a French distributor of bearings. Net interest costs of £732,000 compared with interest receivable of £317,000 last time.

Mr Robert Ffoulkes-Jones, chief executive, said BSL had an excellent half year, with sales 4.1 per cent ahead of the same period last year and 9.2 per cent higher than the second half of 1992. Market share and sales per employee were both significantly higher.

Roulement had made good progress, increasing market share, but was unable to buck the recession in France. The *company managed* to make a small operating profit, although sales were 4.3 per cent lower and gross margins were under constant pressure.

Mr Ffoulkes-Jones said Roulement had been recently appointed the first nationwide distributor in France for the products of SKF, the Swedish *roller-bearer manufacturer* which dominated the French market. Brammer planned to make more acquisitions in Europe.

The rentals group, which specialises in electronic testing equipment, increased sales by 19 per cent. Livingston Hire of the UK increased profits substantially in generally better market conditions, but smaller companies in France, Germany and the Netherlands all had a difficult six months.

Mr Hugh Lang, chairman, said: "Trading in the UK is currently at the improved levels experienced during the first half of the year but recovery remains fragile. In the rest of Europe the recession continues and we need to see an improvement in business confidence, particularly in France which now represents more than 30 per cent of group turnover."

Earnings per share fell to 6.6p, against 6.9p previously, but the interim dividend is being held at 4.5p.

Acquisitions help Wills advance to £1.56m

By John Murrell

WILLS GROUP, the expanding distributor of high specification fluid handling equipment, achieved a profits rise from £519,000 to £1.56m pre-tax for the year ended July 3.

The figures included a two months' contribution from Platon International, the former USM-quoted instrumentation company acquired for £2.7m.

Along with the purchase, which followed the acquisition of Lightfoot Refrigeration in December, a 1-for-3 rights issue was launched to raise £5.2m.

The money raised will help restructure Platon's finances and develop new products.

Group turnover for the year expanded *from £15m to* £19.28m, including £1.33m from acquisitions. Interest charges were cut to £45,000 (£133,000).

Earnings per share improved from 0.72p to 1.6p basic, or from 0.6p to 1.28p diluted. A final dividend of 0.3p makes a 0.4p (0.1p) total.

The directors hoped the first six months would see further progress in profitability as sales and profits are weighted towards the second half.

Haynes' shares rise 37p on record £4m

By Nigel Clark

UNDERPINNED by improving performances in the US, Haynes Publishing Group, the car and motor cycle maintenance manual company, reported record pre-tax profits for the year to May 31. The shares rose 37p to 455p.

Mr John Haynes, chairman, said the rise was the result of improved management of the business rather than an increase in sales.

On turnover 7 per cent ahead at £22.8m, against £21.2m, pre-tax profits advanced 67 per cent from £2.37m to £3.95m. Earnings per share rose from 14.53p to 26.5p. Directors are proposing a final dividend of 4.5p for a total of 8p (6p).

An enhanced scrip dividend of 6.5p is being offered. Mr Max Pearce, chief executive, said the move was to conserve cash and also to pre-empt possible future ACT problems because of the level of profits from the US.

In the US pre-tax profits were a record £2.5m (£1.8m) on sales of £10.5m (£8.74m). The company said that the Haynes manual in the US had established a leading market position.

During the year sufficient cash was generated in the group to repay net borrowings of £1.3m and end the period with £1.6m on deposit after investing £1.5m in capital assets. The net interest charge fell to £69,000 (£382,000).

Market development in France was proceeding to plan but was unlikely to contribute significantly for the the next two or three years. Mr Pearce said that there were plans for expanding in other parts of the continent particularly eastern Europe.

In the UK pre-tax profits rose to £1.3m, up £1m, most of which was the result of lower exceptionals and interest charges. Losses in general publishing were halved.

Mr Pearce said that the UK was the only area for caution. Despite its dominant market position more work was needed before profits returned to an acceptable level.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, September 6, 1993 . In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	2115.75	1385.56	859.188	1330.66
Albania	(Lek)	168.35	110.249	68.3654	105.881
Algeria	(Dinar)	30.16	19.7445	12.2436	18.9822
Andorra	(Fr Fr)	8.6775	5.6827	3.5238	5.4575
	(Sp Peseta)	201.05	131.663	81.6446	126.447
Angola	(New Kwanza)	5996.70	3927.11	2435.21	3771.51
Antigua	(E Carr $)	4.1325	2.7062	1.6781	2.599
Argentina	(Peso)	1.5317	1.003	0.622	0.9633
Aruba	(Florin)	2.7395	1.794	1.1124	1.7229
Australia	(Aus $)	2.3635	1.5478	0.9597	1.4884
Austria	(Schilling)	17.275	11.313	7.0152	10.8647
Azores	(Port Escudo)	253.30	165.881	102.863	159.308
Bahamas	(Bahama $)	1.5270	1	0.6201	0.9603
Bahrain	(Dinar)	0.5770	0.3778	0.2343	0.3628
Balearic Is	(Sp Peseta)	201.05	131.663	81.6446	126.447
Bangladesh	(Taka)	60.15	39.3909	24.4263	37.8301
Barbados	(Barb $)	3.0785	2.016	1.2501	1.9361
Belgium	(Belg Fr)	53.25	34.8722	21.6243	33.4905
Belize	(B $)	3.0610	2.0045	1.243	1.9251
Benin	(CFA Fr)	433.875	284.136	176.193	272.877
Bermuda	(Bermudian $)	1.5270	1	0.6201	0.9603
Bhutan	(Ngultrum)	48.0045	31.4371	19.4942	30.1975
Bolivia	(Boliviano)	6.6195	4.3349	2.6881	4.1632
Botswana	(Pula)	3.7870	2.48	1.5378	2.3817
Brazil	(Cruzeiro Real)	151.087	98.9436	61.3551	95.0232
Brunei	(Brunei $)	2.4535	1.6067	0.9963	1.543
Bulgaria	(Lev)	39.55	25.9004	16.0609	24.8742
Burkina Faso	(CFA Fr)	433.875	284.136	176.193	272.877
Burma	(Kyat)	9.4750	6.2049	3.8477	5.9591
Burundi	(Burundi Fr)	362.10	237.132	147.046	227.736
Cambodia	(Riel)	5356.75	3508.02	2175.33	3369.03
Cameroon	(CFA Fr)	433.875	284.136	176.193	272.877
Canada	(Canadian $)	2.0355	1.333	0.8265	1.2801
Canary Is	(Sp Peseta)	201.05	131.663	81.6446	126.447
Cp. Verde	(CV Escudo)	113.55	74.3614	46.1116	71.415
Cayman Is	(CI $)	1.3010	0.8519	0.5283	0.8182
Cent.Afr. Rep	(CFA Fr)	433.875	284.136	176.193	272.877
Chad	(CFA Fr)	433.875	284.136	176.193	272.877
Chile	(Chilean Peso)	625.45	409.594	253.99	393.385
China	(Renminbi Yuan)	8.8538	5.7981	3.5954	5.5684
Colombia	(Col Peso)	1234.85	808.677	501.462	776.835
CIS ♣	(Rouble)	0.8616a	0.5642	0.3498	0.5418
		1487.48m	974.119	604.053	935.522
Comoros	(CFA Fr)	433.875	284.136	176.193	272.877
Congo (Brazz)	(CFA Fr)	433.875	284.136	176.193	272.877
Costa Rica	(Colon)	220.70	144.532	89.6243	138.806
Côte d'Ivoire	(CFA Fr)	433.875	284.136	176.193	272.877
Croatia	(Dinar)	7357.00	4817.94	2987.61	4627.04
Cuba	(Cuban Peso)	1.1590	0.759	0.4706	0.7289
Cyprus	(Cyprus £)	0.7617	0.4988	0.3093	0.479
Czech Rep	(Koruna)	43.647	28.5834	17.7246	27.4509
Denmark	(Danish Kroner)	10.1425	6.6421	4.1187	6.3789
Djibouti Rep	(Djib Fr)	269.25	176.328	109.34	169.34
Dominica	(E Carib $)	4.1325	2.7062	1.6781	2.599
Dominican Rep	(D Peso)	19.8965	13.0297	8.0797	12.5135
Ecuador	(Sucre)	2791.65o	1828.19	1133.66	1756.75
		2992.10a	1959.46	1215.07	1881.82
Egypt	(Egyptian £)	5.13	3.3595	2.0832	3.2264
El Salvador	(Colon)	13.2925	8.7049	5.3979	8.36
Equat'l Guinea	(CFA Fr)	433.875	284.136	176.193	272.877
Estonia	(Kroon)	20.05	13.1303	8.1421	12.61
Ethiopia	(Ethiopian Birr)	7.5710	4.958	3.0745	4.7616
Falkland Is	(Falk £)	1.00	0.6548	0.406	0.6289
Faroe Is	(Danish Kroner)	10.1425	6.6421	4.1187	6.3789
Fiji Is	(Fiji $)	2.3635	1.5478	0.9597	1.4884
Finland	(Markka)	8.8012	5.7637	3.574	5.5353
France	(Fr)	8.6775	5.6827	3.5238	5.4575
Fr. Cty/Africa	(CFA Fr)	433.875	284.136	176.193	272.877
Fr. Guiana	(Local Fr)	8.6775	5.6827	3.5238	5.4575
Fr. Pacific Is	(CFP Fr)	158.25	102.325	63.4517	98.2704
Gabon	(CFA Fr)	433.875	284.136	176.193	272.877
Gambia	(Dalasi)	14.2335	9.3212	5.7801	8.9518
Germany	(D-Mark)	2.4525	1.6126	1	1.5487
Ghana	(Cedi)	1005.00	658.153	408.122	632.075
Gibraltar	(Gib £)	1.00	0.6548	0.406	0.6289
Greece	(Drachma)	350.625	229.748	142.467	220.645
Greenland	(Danish Krone)	10.1425	6.6421	4.1187	6.3789
Grenada	(E Carr $)	4.1325	2.7062	1.6781	2.599
Guadeloupe	(Local Fr)	8.6775	5.6827	3.5238	5.4575
Guam	(US $)	1.5270	1	0.6201	0.9603
Guatemala	(Quetzal)	8.9130	5.8362	3.619	5.605
Guinea	(Fr)	1243.20	814.145	504.853	781.887
Guinea-Bissau	(Peso)	7652.50	5011.46	3107.61	4812.89
Guyana	(Guyanese $)	192.85	126.293	78.3147	121.289
Haiti	(Gourde)	18.3660	12.0275	7.4582	11.5509
Honduras	(Lempira)	10.6675	6.9859	4.3319	6.7091
Hong Kong	(HK $)	11.8832	7.7689	4.8175	7.4611
Hungary	(Forint)	143.80	94.1715	58.3959	90.4402
Iceland	(Icelandic Krona)	106.210	69.5548	43.1309	66.7987
India	(Indian Rupee)	48.0045	31.4371	19.4942	30.1975
Indonesia	(Rupiah)	3221.70	2109.82	1308.3	2026.23
Iran	(Rial)	2310.0	1512.77	938.071	1452.83
Iraq	(Iraqi Dinar)	0.4757	0.3115	0.1931	0.2991
Irish Rep	(Punt)	1.0670	0.6987	0.4332	0.671
Israel	(Shekel)	4.32	2.829	1.7543	2.7169
Italy	(Lira)	2380.50	1558.94	966.701	1497.17
Jamaica	(Jamaican $)	37.4975	24.5563	15.2274	23.5833
Japan	(Yen)	159.00	104.126	64.5685	100
Jordan	(Jordanian Dinar)	1.0605	0.6944	0.4306	0.6669
Kenya	(Kenya Shilling)	99.8345	65.3795	40.5419	62.7889
Kiribati	(Australian $)	2.3635	1.5478	0.9597	1.4864
Korea North	(Won)	3.2905	2.1549	1.3362	2.0694
Korea South	(Won)	1235.22	808.919	501.612	776.868
Kuwait	(Kuwaiti Dinar)	0.4585	0.3002	0.1861	0.2883
Laos	(New Kip)	1101.95	721.644	447.492	693.05
Latvia	(Lat)	0.9395q	0.6152	0.3815	0.5908
Lebanon	(Lebanese £)	2637.53	1727.26	1071.08	1658.82
Lesotho	(Maluti)	5.1575	3.3775	2.0944	3.2437
Liberia	(Liberian $)	1.5270	1	0.6201	0.9603
Libya	(Libyan Dinar)	0.4536	0.297	0.1842	0.2852
Liechtenstein	(Swiss Fr)	2.1675	1.4194	0.8802	1.3632
Luxembourg	(Lux Fr)	53.25	34.8722	21.6243	33.4905
Macao	(Pataca)	12.2535	8.0245	4.976	7.7066
Madagascar	(MG Fr)	2789.35	1826.69	1132.73	1754.31
Madeira	(Port Escudo)	253.30	165.881	102.863	159.308
Malawi	(Kwacha)	6.6280	4.3405	2.6915	4.1686
Malaysia	(Ringgit)	3.8982	2.5528	1.583	2.4518
Maldive Is	(Rufiya)	18.3275	12.0022	7.4426	11.5267
Mali Rep	(CFA Fr)	433.875	284.136	176.193	272.877
Malta	(Maltese Lira)	0.5798	0.3798	0.2354	0.3646
Martinique	(Local Fr)	8.6775	5.6827	3.5238	5.4575
Mauritania	(Ouguiya)	174.20	114.08	70.7411	109.56
Mauritius	(Maur Rupee)	27.5375	18.0337	11.1827	17.3191
Mexico	(Mexican Peso)	4.7615	3.1182	1.9336	2.9946
Miquelon	(Local Fr)	8.6775	5.6827	3.5238	5.4575
Monaco	(French Fr)	8.6775	5.6827	3.5238	5.4575
Mongolia	(Tugrik)	612.20	400.917	248.609	385.031
Montserrat	(E Carr $)	4.1325	2.7062	1.6781	2.599
Morocco	(Dirham)	13.9805	9.1424	5.6692	8.7801
Mozambique	(Metical)	6632.05	4343.19	2693.22	4171.1
Namibia	(S A Rand)	5.1575	3.3775	2.0944	3.2437
Nauru Is	(Australian $)	2.3635	1.5478	0.9597	1.4864
Nepal	(Nepalese Rupee)	69.9020	45.7773	28.3865	43.9635
Netherlands	(Guilder)	2.7600	1.8074	1.1208	1.7358
N'nd Antilles	(A/Guilder)	2.7395	1.794	1.1124	1.7229
New Zealand	(NZ $)	2.8055	1.8372	1.1392	1.7644
Nicaragua	(Gold Cordoba)	9.4780	6.2056	3.8481	5.9597
Niger Rep	(CFA Fr)	433.875	284.136	176.193	272.877
Nigeria	(Naira)	45.915	30.0687	18.6456	28.8773
Norway	(Nor. Krone)	10.7050	7.0104	4.3472	6.7327
Oman	(Rial Omani)	0.5894	0.3859	0.2393	0.3708
Pakistan	(Pak. Rupee)	45.6240	29.8781	18.5275	28.6943
Panama	(Balboa)	1.5270	1	0.6201	0.9603
Papua New Guinea	(Kina)	1.5080	0.9875	0.6123	0.9484
Paraguay	(Guarani)	2678.35	1753.99	1087.65	1684.5
Peru	(New Sol)	3.12	2.0432	1.267	1.9622
Philippines	(Peso)	42.242	27.6633	17.1541	26.5672
Pitcairn Is	(£ Sterling)	1.00	0.6548	0.406	0.6289
	(NZ $)	2.8055	1.8372	1.1392	1.7644
Poland	(Zloty)	29553.0	19353.6	12001.2	18586.8
Portugal	(Escudo)	253.30	165.881	102.863	159.308
Puerto Rico	(US $)	1.5270	1	0.6201	0.9603
Qatar	(Riyal)	5.5730	3.6496	2.2631	3.505
Reunion Is. de la	(F Fr)	8.6775	5.6827	3.5238	5.4575
Romania	(Leu)	1253.33	820.779	508.966	788.258
Rwanda	(Fr)	216.10	141.519	87.7563	135.912
St Christopher	(E Carr $)	4.1325	2.7062	1.6781	2.599
St Helena	(£)	1.00	0.6548	0.406	0.6289
St Lucia	(E Carr $)	4.1325	2.7062	1.6781	2.599
St Pierre	(French Fr)	8.6775	5.6827	3.5238	5.4575
St Vincent	(E Carr $)	4.1325	2.7062	1.6781	2.599
San Marino	(Italian Lira)	2380.50	1558.94	966.701	1497.17
Sao Tome	(Dobra)	367.30	240.537	149.157	231.009
Saudi Arabia	(Riyal)	5.7452	3.7624	2.333	3.6133
Senegal	(CFA Fr)	433.875	284.136	176.193	272.877
Seychelles	(Rupee)	7.7980	5.1067	3.1667	4.9044
Sierra Leone	(Leone)	841.75	551.244	341.827	529.403
Singapore	($)	2.4535	1.6067	0.9963	1.543
Slovakia	(Koruna)	48.6075	31.832	19.739	30.5707
Slovenia	(Tolar)	180.20	118.009	73.1776	113.333
Solomon Is	($)	4.8480	3.1748	1.9687	3.049
Somali Rep	(Shilling)	4009.90	2626	1628.39	2521.95
South Africa	(Rand)	5.1575c	3.3775	2.0944	3.2437
		7.2523f	4.7493	2.945	4.5611
Spain	(Peseta)	201.05	131.663	81.6446	126.447
Spanish Ports in N Africa	(Sp Peseta)	201.05	131.663	81.6446	126.447
Sri Lanka	(Rupee)	74.6365	48.8778	30.3092	46.9411
Sudan Rep	(Dinar)	19.8965	13.0297	8.0797	12.5135
Surinam	(Guilder)	2.7330	1.7891	1.1094	1.7182
Swaziland	(Lilangeni)	5.1575	3.3775	2.0944	3.2437
Sweden	(Krona)	12.0825	7.9125	4.9065	7.599
Switzerland	(Fr)	2.1675	1.4194	0.8802	1.3632
Syria	(£)	32.9060	21.5494	13.3628	20.6955
Taiwan	($)	41.225	26.9973	16.7411	25.9276
Tanzania	(Shilling)	673.40	440.995	273.462	423.522
Thailand	(Baht)	38.40	25.1473	15.5939	24.1509
Togo Rep	(CFA Fr)	433.875	284.136	176.193	272.877
Tonga Is	(Pa Anga)	2.3635	1.5478	0.9597	1.4884
Trinidad/Tobago	($)	8.4715	5.5478	3.4402	5.3279
Tunisia	(Dinar)	1.5458	1.0123	0.6277	0.9722
Turkey	(Lira)	17582.74	11514.6	7140.2	11058.3
Turks & Caicos	(US $)	1.5270	1	0.6201	0.9603
Tuvalu	(Australian $)	2.3635	1.5478	0.9597	1.4884
Uganda	(New Shilling)	1819.25	1191.39	738.782	1144.16
U A E	(Dirham)	5.6242	3.6831	2.2839	3.5372
United Kingdom	(£)	1.00	0.6548	0.406	0.6289
United States	(US $)	1.5270	1	0.6201	0.9603
Uruguay	(Peso Uruguayo)	6.2290	4.0792	2.5295	3.9176
Vanuatu	(Vatu)	186.80	122.331	75.8578	117.484
Vatican	(Lira)	2380.50	1558.94	966.701	1497.17
Venezuela	(Bolivar)	146.225	95.7596	59.3807	91.9654
Vietnam	(Dong)	16384.0	10729.5	6653.4	10304.4
Virgin Is-British	(US $)	1.5270	1	0.6201	0.9603
Virgin Is-US	(US $)	1.5270	1	0.6201	0.9603
Western Samoa	(Tala)	3.9355	2.5772	1.5981	2.4751
Yemen (Rep of)	(Rial)	25.2535	16.5379	10.2552	15.8827
Yemen (Rep of)	(Dinar)	0.7054	0.4619	0.2864	0.4436
Yugoslavia	(New Dinar)	160.70	105.239	65.2588	101.069
Zaire Rep	(Zaire)	8962500.0	5862803	3635533	5630503
Zambia	(Kwacha)	627.50	410.936	254.822	394.654
Zimbabwe	($)	9.9255	6.5	4.0306	6.2424

Special Drawing Rights September 3, 1993 United Kingdom £0.936658 United States $1.40819 Germany D Mark 2.32013 Japan Yen148.775
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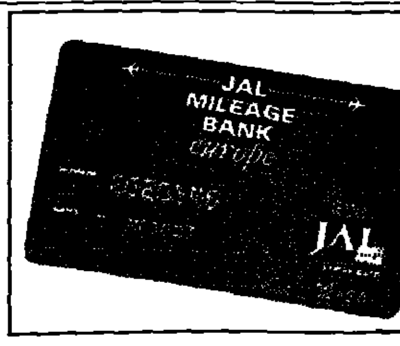
Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate ; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar (v) Floating rate ; ♣ CIS applies to states in the Rouble Zone. Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.
Monday, September 6, 1993



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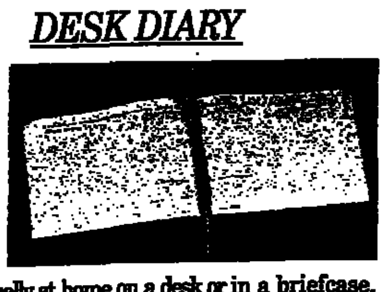

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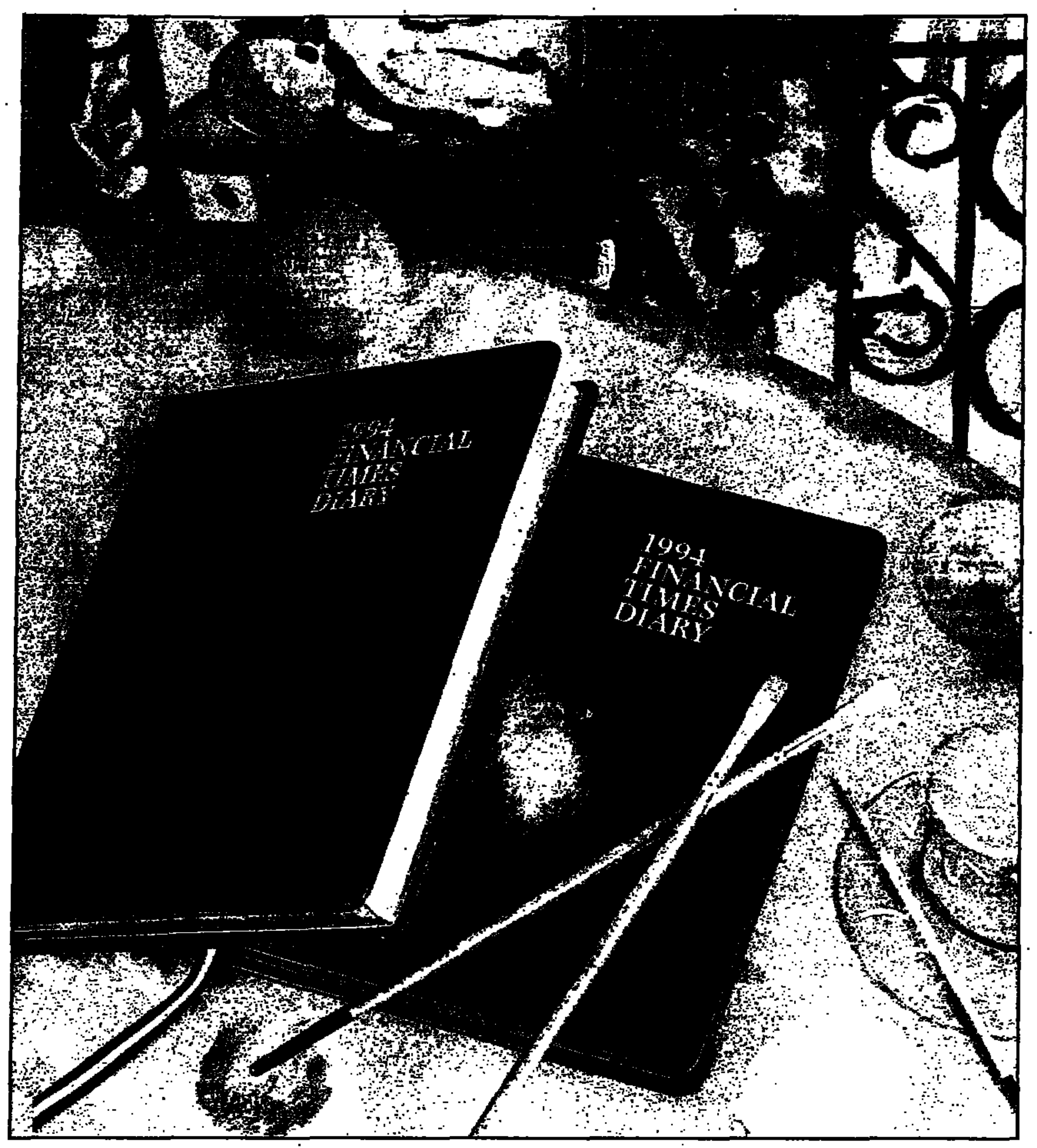

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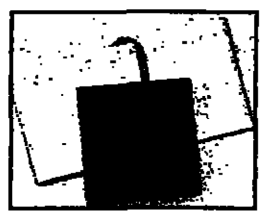

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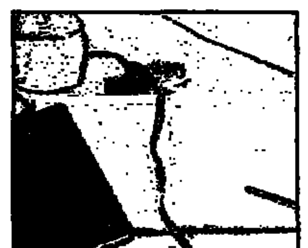

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Light seen at end of tunnel for aluminium producers

By Kenneth Gooding, Mining Correspondent

THE ALUMINIUM market would move back into balance next year and prices rise above the industry's break-even level again if there were further relatively modest cuts in capacity and producers resisted the temptation to re-start mothballed smelters, analysts suggest.

"Knock out another 300,000 tonnes [of annual capacity] and the aluminum market next year could be quite good," says Mr Stewart Spector of the New York-based Spector Report consultancy organisation.

Mr Angus MacMillan, research manager at Billiton-Enthoven Metals, part of the Royal Dutch/Shell group, suggests that, even if western imports of Commonwealth of Independent States aluminium remain at about 1m tonnes a year, "the upturn in demand would still leave the west in considerable supply deficit by 1995. Much will depend on western producers exercising restraint. If they rush to restart the 1.4m tonnes of capacity temporarily mothballed over the past two years, they will simply condemn themselves to low prices".

He points out in the latest Metals Report that the prolonged period of depressed prices has caused a large number of new smelter projects to be cancelled or postponed so there is little new capacity in the pipeline. "A marked resurgence in demand over the next three years could leave the west in considerable supply deficit."

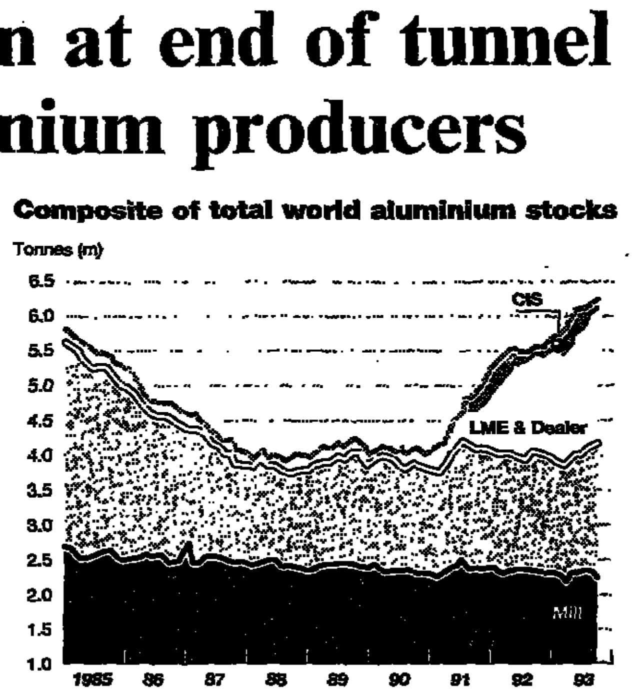
The recent fresh cuts announced by the Aluminum Company of America (Alcoa) and Reynolds Metals, the biggest and second-biggest US producers, which will take another 356,000 tonnes of annual capacity out of production, are the first in two years that will not be offset by new capacity coming on stream, Mr MacMillan points out.

He urges producers not to restore any capacity until the aluminium price reaches 65 cents a lb and suggests this will not occur until the second half of 1994. "While prices next year will be significantly higher than in 1993, it will be 1995/96 before the industry enjoys the full benefit of rising demand." Billiton is forecasting an average London Metal Exchange aluminium price of 53 cents a lb this year, rising to 62 cents next year and to 75 cents in 1995.

Both Billiton and Spector expect western aluminium output to fall next year. Mr Spector suggests it could slip by 1.8 per cent from the 1993 forecast level of 14.92m tonnes to 14.64m. He says it would then take only a 4 per cent rise in demand for stocks to start falling and for prices to improve.

Mr Spector says that recent increases in LME, trader and producer stocks were offset by a fall in unreported CIS metal of a grade too low to be delivered to LME warehouses.

Composite of total world aluminium stocks



Source: The Spector Report

Rubber growers may cut output to boost prices

By William Barnes in Bangkok

THE SEVEN major rubber producing countries - representing 90 per cent of the world's output – say they could resort to cutting production to boost prices if consumers refuse to revamp the present price support scheme, which lapses at the end of this year.

Ministers from the Association of Natural Rubber Producing Countries who met in Bangkok yesterday refused, however, to reveal exactly how they planned to pressure consumers into lifting rubber prices from 30 year lows in real terms.

Malaysia's Minister of Primary Industries Dato Seri Dr Lim Kheng Yaik said "don't ask us to expose our cards but rubber can very easily be kept in the trees. I can tell you that."

The producers complain that the current International Natural Rubber Agreement's intervention fund, set up in 1979, to which both producers and consumers contribute, tends to stabilise prices at low levels.

Their problem is that global economic recession and poor sales of cars, and hence tyres, is keeping rubber prices low.

Yesterday Dr Lim stressed that "rubber is certainly not a sunset industry. As long as there are cars on the road there will be a demand for rubber". But he went on to say "we have to do something to help ourselves. . . where there is more production than demand we can expect prices to stay low for a long, long, time".

Malaysia has already lowered its production by about 350,000 tonnes – from 1.6m tonnes in 1988 to 1.25m tonnes in 1993.

The seven producers said they would "take a long hard look whether they wanted to be members" of the International Natural Rubber Organisation, which groups producers and over 20 consumers, if their demands were not met. They are working on a strategy of revamping the intervention fund and co-ordinating production and marketing of rubber and other commodities.

Thailand's deputy minister of agriculture, Mr Suthep Thaugsuban, said they expected a response from consumers – led by the US, the European Community and Japan – this year and final agreement, if possible, next year; indicating that they might be prepared to see the current Inra rolled over for one more year.

A communique issued by the producers said the International Natural Rubber Agreement needs to be "reviewed and updated" and called for "intensified" negotiations between producers and consumers.

Consuming countries have repeatedly complained that producers are reluctant to face market forces and allow the intervention fund manager to lower his floor price.

After some acrimony earlier this year the floor price was lowered from 176 Malaysia/Singapore cents a kilogram to 166 cents. Even so the buffer stock manager, who already had 180,000 tonnes in hand, said he bought for the first time this year only on Friday when the price drifted below 165 cents.

● Natural rubber production in Malaysia fell 11 per cent to 86,323 tonnes in June, compared with the same month last year, the statistics department said, reports Reuter from Kuala Lumpur.

Production for the first six months of the year was 537,480 tonnes, 4 per cent lower than in the same 1992 period.

Malaysia exported 66,452 tonnes of rubber in June, down 13 per cent from a year ago and 11 per cent less than in May.

Protection puts Peru's vicuña more at risk

With economic exploitation banned the field is open to rustlers, writes Sally Bowen

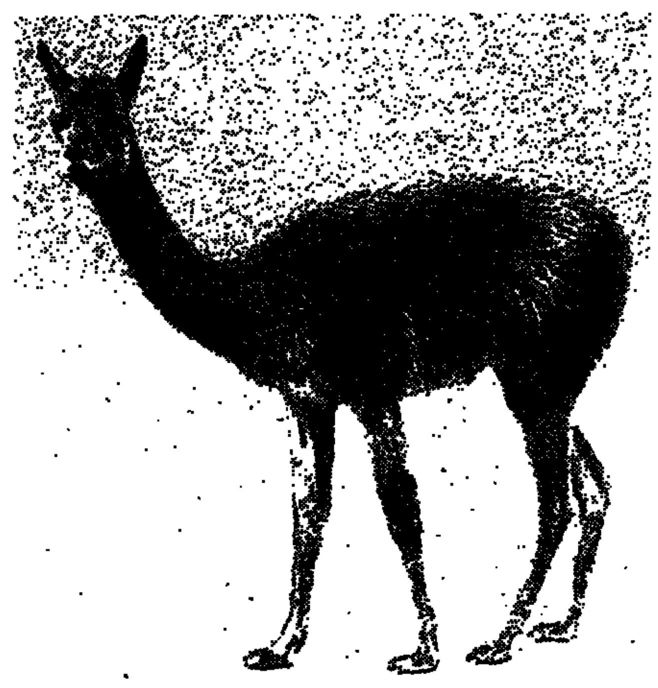
BANNING THE economic exploitation of endangered species has traditionally been seen as the most effective method of protection. But that strategy is not working for the vicuña, South America's graceful, shy camelid.

Officially classified as endangered, the herds of vicuña that roam the high and lonely Peruvian Andes are increasingly falling prey to well-organised gangs of international rustlers – and the cash-strapped government can do little to counter their hit-and-run tactics.

No-one knows quite the extent of the illegal trade. "But it's very lucrative and the organisation is sophisticated," says Mr Domingo Hoces, an expert with Conacs, Peru's relatively new quasi-governmental agency for camelids. "There are brigades of well-armed hunters working for brokers within Latin America who then ship the fibre in bales to Europe and Asia."

One animal yields only about 200 grams of the coveted, soft hair, so five rustled animals may die to produce a metre of cloth which, on the European or Asian black market, can sell for anything between $1,500 and $3,000.

The answer to the rustlers, say both Conacs officials and businessmen interested in buying the valuable vicuma fibre, lies in the rational exploitation of the animal. If the peasant farmers who are presently charged by law with protecting the animals, which roam wild over their communally-owned territories, are permitted to benefit from the eventual sale of pricy vicuña cloth, goes the argument, both protection and husbandry are certain to improve – and the wretchedly poor Andean peasants would be better off.


Five rustled animals may die to produce a metre of cloth worth $1,500 to $3,000 on the European or Asian black market

International aid agencies have, over the years, run pilot programmes in the vast Pampa Galeras high plateau in Ayacucho department, home to Peru's largest concentrations of vicuña herds. They have taught peasant farmers periodically to round up and shear the animals – though hair may be clipped from the same animal only every two or three years.

The vicuna is native to the Andean countries of Peru and Bolivia, and, to a lesser extent to Chile, Argentina and, more recently under a re-settlement scheme, Ecuador. Hardy and resistant to the extreme cold, it inhabits the inhospitable highlands between 3,700m and 4,800m above sea level. Historically coveted for its especially fine hair, the vicuna was protected and periodically culled by the Incas but later, during the colonial and independence periods, indiscriminately hunted almost to extinction.

Agreements on protection between Bolivia and Peru in the late 1960s were later extended to include Chile, Argentina and Ecuador. The protection strategy worked and the Andean vicuma population is now estimated at 160,000 or more, 65 per cent of them in Peru.

Now that the species no longer faces the threat of extinction and herd sizes are stable, sustainable utilisation would appear to be indicated. Six years ago Cites, the Convention on International Trade in Endangered Species, authorised selective exploitation of the live-shorn vicuña. But, so far, the interested parties have failed to reach consensus.

Several rival companies specialising in luxury fibres have been in Peru in recent months hoping to expedite an agreement. One of them is a consortium formed by UK-based Dawson International and Italy's Ermenegildo Zegna.

An immediate stumbling-block to a deal between international business and the Andean peasants is price. "There's been an irresponsible raising of expectations," says Mr Nick Kuenssberg, CEO of Dawson Premier Brands, who visited Peru in early June to act as broker between Conacs and the "comuneros".

Although there is obviously no current reference price for vicuña hair, Mr Kuenssberg says that its fineness and rarity mean it could "reasonably command four to five times the price of cashmere". That would mean perhaps $250 a kilogram for dehaired fibre. But the comuneros, having heard that vicuna cloth retails on the black market for $3,000 a metre, think they should receive four times that.

The 1987 Cites amendment permits marketing of cloth woven from vicuña hair, but not the hair itself. Trials have been run by a textile company in Peru and some 600 metres of vicuña cloth are now stockpiled in Lima, unsold, along with 3,000kg of hair.

Ms Soledad Yoshimoto, president of Conacs, favours shipping the valuable hair for spinning and weaving abroad. "Foreign companies have the technology which is not yet available here," she says. "When we launch vicuna on the international market, we must ensure we are selling the best possible product."

The Dawson International-Zegna consortium is proposing spinning the cloth in Britain, offering the comuneros a royalty on its eventual retail price.

But they say that Conacs must allow then to negotiate directly with the comuneros, who should be formed into an appropriate association holding the right to the "Vicunandes" trademark which is demanded by Cites to identify cloth spun from hair legally collected from live animals.

Experts estimate that immediate supply could be between one and three tonnes of hair a year, rising as husbandry and shearing methods improve to perhaps 15 tonnes a year from the whole Andean region.

But the legal and bureaucratic obstacles remain. Cites is emphasising its condition that only cloth, not fibre, may be sold. Conacs wants to maintain an intermediary role between the peasant farmers and the international clothmakers. And businessmen need a mechanism by which they can contract a reliable supply of raw material directly from the Andean farmers.

A solution is needed that will ensure the healthy survival of the species, an attractive product for the well-heeled consumer and an improved standard of living for many impoverished Andean peasants. Until it is found, illegal hunting of the vicuña will continue inexorably.

Shephard to seek co-operation on 'fragile' S Atlantic fisheries

By Alison Maitland

MRS GILLIAN Shephard, the UK agriculture minister, yesterday stressed the need for co-operation in protecting "fragile" South Atlantic fish stocks as she prepared to become only the third British cabinet minister to visit Argentina since the Falklands conflict 11 years ago.

Relations between the two countries were soured again last May when Britain decided to extend territorial waters to 200 miles around South Georgia and the South Sandwich Islands, neighbours of the Falklands, and to introduce a fishing licence system there to halt overfishing by third countries.

Argentina claims sovereignty over the two islands, as well as the Falklands, where Britain has operated similar restrictions since 1987. Last year Argentina introduced a cut-price licensing system for vessels operating in its waters which has poached many of the Falklands' best customers.

Mrs Shephard said yesterday, on the eve of a week-long trade promotion trip to three south American countries, that there had been discussions on the issue of fishing limits at European Community level, with Spain particularly interested in fishing for squid and hake in the South Atlantic. "We need agreement between the respective authorities to conserve fish for the mutual benefit of all parties," she said. "Fish stocks there are fragile and limited."

She will also urge Argentina to lift its ban on imports of British cattle for breeding purposes. Argentina is one of the 17 countries that still ban cattle imports because of the "mad cow disease" outbreak in the 1980s.

Mrs Shephard said the Paris-based Office International des Epizooties, the international animal health organisation, had agreed there was no longer any problem with British cattle exports.

Her visit to Argentina, accompanied by a team of British businessmen and agricultural experts, follows separate trips by Mr Douglas Hurd, foreign secretary, and Mr Michael Heseltine, president of the Board of Trade, earlier this year.

Her first stop today will be Paraguay, where she expects to meet Mr Juan Carlos Wasmosy, the first freely-elected civilian president. She will then visit Uruguay and lastly Argentina.

The objectives of the trip are to promote British food and drink, as well as agricultural expertise and machinery.

WORLD COMMODITIES PRICES

MARKET REPORT

Technical pressure in the London Metal Exchange COPPER market was maintained yesterday, with the backwardation (nearby premium) widening significantly. While the three months position showed signs of reflecting the market's bearish fundamentals, falling $5.75 to $1,949 a tonne, the cash price continued to be bolstered by concern over a potential supply squeeze and its premium widened to $58 at the close. At the London bullion market the GOLD price closed just 10 cents up from the depressed level at which it ended last week.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Oct)		+ or -
Dubai	$14.40-4.45u	-0.03
Brent Blend (dated)	$16.22-6.23	-.085
Brent Blend (Oct)	$16.52-6.53	-.085
W.T.I (1 pm est)	N/A	
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$190-192	
Gas Oil	$183-184	+1
Heavy Fuel Oil	$63-64	
Naphtha	$154-156	-2.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)‡	$364.35	+0.1
Silver (per troy oz)‡	454.00c	-3.5
Platinum (per troy oz)	$373.00	+2
Palladium (per troy oz)	$122.50	+0.5
Copper (US Producer)	91.50c	
Lead (US Producer)	33.50c	
Tin (Kuala Lumpur market)	11.76m	+0.06
Tin (New York)	214.0c	
Zinc (US Prime Western)	Unq	
Cattle (live weight)†	128.30p	-1.84*
Sheep (live weight)†♣	82.09p	-0.07*
Pigs (live weight)†	71.79p	-0.78*
London daily sugar (raw)	$242.5	+0.5
London daily sugar (white)	$279.7	-2.3
Tate and Lyle export price	£289.0	-2.5
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£172.0	
Wheat (US Dark Northern)	£183.0u	
Rubber (Oct)♥	62.00p	
Rubber (Nov)♥	62.50p	
Rubber (KL RSS No 1 Jul)	215.5m	
Coconut oil (Philippines)§	$440.0v	+2.5
Palm Oil (Malaysian)§	$357.50	+2.5
Copra (Philippines)§	$280.0	
Soyabeans (US)	£195.0	
Cotton "A" Index	54.90c	-0.1
Wooltops (64s Super)	325p	-2

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. v-Sep/Oct u-Oct t-Oct/Dec x-Aug/Sep ♥London physical. §CIF Rotterdam. ‡ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices * change from a week ago, provisional prices.

COCOA – LCE £/tonne

	Close	Previous	High/Low
Sep	784	793	790 778
Dec	823	826	823 814
Mar	845	846	845 830
May	857	856	855 849
Jul	868	866	868 859
Sep	877	876	877 869
Dec	894	892	885 885
Mar	906	904	905 896
May	919	916	918 908

Turnover: 6765 (6931) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Sep 2 848.73 (832.30) 10 day average for Sep 3 832.89 (827.97)

COFFEE – LCE $/tonne

	Close	Previous	High/Low
Sep	1298	1300	1316 1297
Nov	1223	1228	1245 1223
Jan	1198	1190	1210 1190
Mar	1195	1181	1200 1182
May	1193	1172	1192 1190

Turnover: 3513 (4899) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Sep 2 Comp. daily 68.91 (70.54) 15 day average 69.14 (68.60)

POTATOES – LCE £/tonne

	Close	Previous	High/Low
Apr	79.7	79.7	81.0 80.0
May	93.0		92.0 91.5

Turnover 32 (13) lots of 20 tonnes.

SOYAMEAL – LCE £/tonne

	Close	Previous	High/Low
Oct	-	-	

Turnover 0 (0) lots of 20 tonnes.

FREIGHT – LCE $10/index point

	Close	Previous	High/Low
Sep	1435	1405	1435 1412
Oct	1470	1446	1470 1460
Nov	1485	1473	1485 1485
Jan	1483	1464	1485 1483
BFI	1406	1409	1408

Turnover 39 (170)

GRAINS – LCE £/tonne

Wheat	Close	Previous	High/Low
Nov	103.10	103.15	103.00 102.50
Jan	105.15	105.25	105.00 104.85
Mar	107.15	107.25	107.40 106.90
May	109.40	109.40	109.40 108.90
Jun	110.25		110.00
Barley	**Close**	**Previous**	**High/Low**
Jan	104.15	103.85	104.00 103.85
Mar	106.15		106.10

Turnover: Wheat 292 (453) Barley 30 (8).
Turnover lots of 100 Tonnes.

PIGS – LCE (Cash Settlement) p/kg

	Close	Previous	High/Low
Sep	-	98.8	

Turnover:0 (0)lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 22,281 lots	
Cash	1144.5-45.5	1141.5-2.5		1141.5-42		
3 months	1165.5-66	1162-2.5	1168.5/1162	1163-63.5	1165-65.5	246,295 lots
Copper, Grade A ($ per tonne)					Total daily turnover 63,859 lots	
Cash	2006-08	1994-5	1995/1994	1995-96	1950-51	
3 months	1948-50	1954.5-5	1953/1946	1952-53		185,016 lots
Lead ($ per tonne)					Total daily turnover 4,781 lots	
Cash	383.5-84.5	377.5-8.5	385	385-85.5	395-96	
3 months	398-98.5	391.5-2	400/385	389-99.5		23,376 lots
Nickel ($ per tonne)					Total daily turnover 8,628 lots	
Cash	4485-90	4465-70	4648/4491	4491-93		
3 months	4535-40	4515-20	4580/4530	4547-48	4525-30	48,904 lots
Tin ($ per tonne)					Total daily turnover 1,388 lots	
Cash	4638-43	4595-600	4605	4605-10	4670-75	
3 months	4685-90	4640-5	4685/4645	4655-60		10,977 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 22,619 lots	
Cash	872.5-73.5	871-2	872.5	872.5-73		
3 months	889-90	887-8	898/889	888.5-89	890-91	82,324 lots

LME Closing £/$ rate:
SPOT: 1.5280 3 months: 1.5178 6 months: 1.5114 9 months: 1.5041

Copper and lead prices are now expressed in dollars per tonne

SUGAR – LCE ($ per tonne)

White	Close	Previous	High/Low
Oct	266.80	265.80	268.00 266.50
Dec	261.30	259.80	262.30 262.30
Mar	264.60	264.30	265.00 265.00

White 108 (1622) Paris- White (FFr per tonne):
Oct 1518.33 Dec 1495.00

CRUDE OIL – IPE $/barrel

	Close	Previous	High/Low
Oct	16.52	16.53	16.62 16.51
Nov	16.75	16.76	16.84 16.73
Dec	16.96	16.96	17.01 16.95
Jan	17.08	17.08	17.15 17.08
Feb	17.25	17.23	17.29 17.25
Mar	17.38	17.35	17.38 17.35
Apr	17.51	17.48	17.45
IPE Index	16.61	16.78	

Turnover 12600 (37479)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Sep	160.50	160.00	161.25 160.25
Oct	162.00	162.25	163.00 162.00
Nov	164.00	164.25	164.75 164.00
Dec	166.00	166.25	167.00 166.00
Jan	168.00	168.25	168.50 167.75
Feb	167.75	168.00	168.25 167.75
Mar	165.25	166.25	166.50 165.25
Apr	164.25	165.00	164.25 164.00
Jun	162.50	163.25	162.50

Turnover 9611 (9985) lots of 100 tonnes

INDICES

REUTERS (Base:September 18 1931 = 100)			
Sep 6	Sep 3	mnth ago	yr ago
1633.5	1639.5	1650.2	1511.3

DOW JONES (Base: Dec. 31 1974 = 100)				
	Sep 3	Sep 2	mnth ago	yr ago
Spot	122.14	122.80	126.80	118.91
Futures	128.45	126.04	132.32	116.33

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	364.20-364.50	
Opening	364.50-364.90	
Morning fix	364.20	238.538
Afternoon fix	364.25	237.606
Day's high	364.50-364.90	
Day's low	364.20-364.60	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.71	6 months	2.59
2 months	2.65	12 months	2.59
3 months	2.62		

Silver fix	p/troy oz	US cts equiv
Spot	295.45	452.50
3 months	298.65	455.80
6 months	303.60	459.35
12 months	311.85	467.40

GOLD COINS

	$ price	£ equivalent
Krugerrand	364.00-367.00	237.00-240.00
Maple leaf	374.85-377.25	-
New Sovereign	86.00-89.00	58.00-59.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Oct	Jan	Oct	Jan
1125	35	67	9	19
1150	20	51	18	28
1175	10	38	33	39
Copper (Grade A)	**Calls**		**Puts**	
1900	87	91	11	56
1950	52	66	26	80
2000	27	47	51	110
Coffee	**Nov**	**Jan**	**Nov**	**Jan**
1200	73	86	52	87
1250	52	66	79	117
1300	36	51	113	162
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
775	68	100	20	30
800	52	84	29	39
825	39	69	41	49
Brent Crude	**Oct**	**Nov**	**Oct**	**Nov**
1700	4		46	58
1750	2	17		
1800		9		

Floods hit harvest hopes in Bangladesh

RECENT FLOODS triggered by heavy monsoon rains have resulted in the loss of 1m tonnes of foodgrain in Bangladesh, officials estimate, reports Reuter from Dhakar.

They said the floods, which engulfed more than two-thirds of the country between June and August, destroyed 600,000 acres of crops. The government estimated the cost at Tk7bn ($175m).

"It is certainly a setback at this moment, when the country has just started exporting grains," one official said. Bangladesh recently exported 20,000 tonnes of rice to the US and offered to sell 50,000 tonnes to Sri Lanka. The country produced nearly 20m tonnes of rice and wheat in 1992-93 (July-June).

Bangladesh, which receives more than $150m in international food aid annually, still imports more than 1m tonnes of grains, mainly wheat. The wheat is used to implement development projects under the country's Food-for-Work programme.

The officials said the government would try to make up the crop losses by increasing winter cultivation, which starts in November. Bangladesh had 1m tonnes of grains in stock, they added.

Hungarian output down 20 per cent after drought

HUNGARY HARVESTED 4.38m tonnes of cereals this year, 20 per cent down from last year, according to figures released by the Central Statistical Office, reports Reuter from Budapest.

US markets were closed yesterday for the Labour Day holiday

Cereals were sown on about 1.54m hectares (3.8m acres) of land, 7 per cent more than the area planted in 1992, but the harvest was smaller, mainly as a result of widespread and protracted drought, the CSO said.

"One must mention drought as the primary reason for the drop. . . but losses were also increased by inadequate agrotechnical work," it said.

"Due to a shortage of money the necessary plant protection and fertilising work was also not performed." it said.

Wheat output was 3.03m tonnes, half of the 1986-1990 average and 12 per cent less than last year. The 3,060 kg/hectare average wheat yield was 25 per cent below last year's.

The rye harvest was 112,000 tonnes, 16 per cent less than in 1992, and average yield lagged behind last year's by just as much, the CSO said.

The sown area for barley was 10 per cent below last year's, but the harvest was only 1.14m tonnes, one-third less than in 1992. The yield for autumn barley was 3,270 kg/hectare, 1,100kg higher than for spring barley.

Oats output fell to 94,000 tonnes from 144,000 in 1992.

China expects cereal crop to be 10m tonnes lower

CHINA'S 1993 grain crop will fall nearly 10m tonnes from 1992's total of 442.58m tonnes, according to the agriculture ministry, reports Reuter from Beijing.

The Economic Information Daily quoted the ministry as saying that grain acreage this year had fallen by 20m mu (3m hectares or 7.4m acres) from the 1992 level.

The country's summer grain crop reached a record 108.067m tonnes this year, up by 3.4m from the 1992 level, the ministry said.

The official press has been full of reports on the low rewards of growing grain as against other, more profitable farm activities, and the rising prices of the raw materials farmers need.

Analysts see EC facing feedgrain glut

MILLIONS OF extra tonnes of grain may flood into European animal feed markets from 1993 to 1995 and beyond because of poor weather for crops this year and sharp falls in prices stemming from cuts in European Community subsidies, analysts believe, reports Reuter from Amsterdam.

They estimate that between 2m and 4m additional tonnes of grain will be used as animal fodder in the community in 1993, rising to between 7m and 9m a year within three years.

"The main effect is going to be on imports of soyameal and tapioca, particularly if high protein prices due to poor crop conditions in the US are maintained," one German analyst said.

He estimated about 10 per cent of annual EC imports of animal feeds, or 4m to 5m tonnes of mainly soyameal, could be replaced by feed grain by the 1995-1996 July-June season.

Under new EC regulations the community's farmers are no longer able to sell feed grain to public intervention stocks and a wet summer in northern Europe has left large portions of the wheat crop only suitable for feed and not bread making.

Grain prices had slumped by up to 25 per cent so far this year in comparison with 1992 prices and the changes in EC laws implemented from July 1 were expected to lead to further falls of about 5 per cent in 1994-95 and 5 per cent in 1995-1996, analysts said.

"These price reductions are only rough estimates because they depend on developments in the European monetary system – 'green rates' and realignments," one added.

The shift towards feed wheat has been most marked in animal feeds in southern Germany, France, Spain and Italy and less so in the Netherlands and northern Germany where easy access to the big North Sea ports makes soyameal transport costs competitive.

"The proportion of grain in pig feed formulations has increased from between 3 to 5 per cent to about 10 to 15 per cent this year," one Dutch analyst said.

LONDON STOCK EXCHANGE

UK equities steady in sluggish trade

By Terry Byland, UK Stock Market Editor

A LONDON stock market lacking a lead from either Wall Street or the UK bond market held steady yesterday as the new equity trading account opened. There was little sign of selling pressure but investors were cautious ahead of this week's heavy list of trading statements from British companies, which will include Glaxo, British Gas, Fisons and RTZ.

The FT-SE 100 Index moved within a narrow margin, gaining 2.4 and then falling by 7.6 from Friday's close before ending 1.7 up on the day at 3,059. "It was really a nothing day," admitted the head trader at a leading securities firm.

Wall Street's closure for Labor Day left London traders to wait for further clues as to the precise direction of US fund investment towards European stock markets. Some US securities analysts have advised clients to look to Germany and France for short term equity growth. UK investors hope that the Bundesbank will cut rates soon, perhaps on Thursday.

A slight fall in domestic consumer borrowing in July did nothing to damage confidence in the progress of economic recovery, which was encouraged by an optimistic report from the Institute of Directors (IOD). The Institute's bi-monthly survey said that 65 per cent of members were "more optimistic" about the UK economy, and the IOD said this provided "clear evidence" that recovery is on track.

Sluggish trading was borne out by a sharp fall in equity turnover as reported through the Seaq electronic network; Seaq volume fell from Thursday's 727.4m shares to only 421.1m yesterday, with non-Footsie business making up about 66 per cent of the day's total.

Retail, or customer, business, which is a sounder guide to underlying investment trends than the daily Seaq reported figure which does not distinguish between intra-market and customer investment deals, remained strong on Friday, recording a total worth of £1.49bn. This followed daily totals of £1.78bn, £1.45bn and £1.06bn earlier in the week.

There was an end-of-summer mood in the stock market which is aware that the coming months could provide it with new tests of confidence. The impending flow of corporate results will be scanned, not just for profits performances, but for evidence of the recovery in the economy.

October has already been dubbed "the worry month" in the market which also realises that November will bring further nervousness ahead of the autumn budget from Mr Kenneth Clarke, UK chancellor of the exchequer.

However, while many analysts appeared prepared to admit that some form of market correction is likely this month, there were few sellers in the market yesterday. Sector analysts were very busy, urging clients to shuffle portfolios away from the capital goods stocks which have led the market ahead and into the consumer-orientated issues which are expected to respond with increasing strength if evidence of economic recovery accumulates.

The pharmaceutical and oil stock sectors which have attracted good US interest recently, lay calm yesterday as investors waited for Wall Street to return to business. But the domestic consumer issues were firmer, albeit in modest trading.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ASDA Group†	2,000	66½	-½
Abbey National†	2,500	399	+1
Albert Fisher	152	70	-1
Allied-Lyons†	882	615	+1
Anglian Water†	428	524	-2
Argos	951	349	+4
Argyll Group†	1,900	324	-4
Arjo Wiggins†	1,200	204	-1
Assoc. Brit. Foods†	41	498	-8
Ass. Brit. Ports	52	455	-3
BAA†	678	837	-1
BAT Inds.†	2,800	494	+8
BET	2,000	134½	-2
BICC	882	423	+12
BOC†	575	672	+2
BP†	1,800	307	-2
BPB Inds.	434	242	+2
BT†	7,500	426½	-2½
BT (Pt Paid)	4,800	182	-3½
BTR†	2,400	402	+3
Bank of Scotland†	2,300	172	-½
Barclays†	2,700	497	+5
Bass†	747	493	+4
Blue Circle†	3,300	274	+7
Booker	19	441	+1
Boots†	1,300	490	+3
Bowater†	728	483	-½
Brit. Aerospace†	458	434	+8
British Airways†	3,100	380	+1
British Gas†	3,900	329½	+½
British Land	209	385	+5
British Steel†	8,300	112	-1
Bunzl	1,600	144	+1
Burmah Castrol†	407	773	-4½
Burton	3,000	75	+1½
Cable & Wire.†	1,000	888	+4
Cadbury Schweppes†	1,800	476	+2
Calor Group	87	277	
Carlton Comms.†	229	786	-10
Coats Viyella†	2,200	255	+3½
Comm. Union†	893	583	+5
Cookson	370	217	+1
Courtaulds†	866	537	-8
Dalgety	584	617	+4
De La Rue†	138	885	-2
Dixons	23	223	
Eastern Elect.	227	528	
East Midland Elect.	68	515	-1
Eng China Clays	22	457	-1
Enterprise Oil†	2,600	494	+6
Eurotunnel Units	84	469	-1
FKI	1,000	148	
Fisons	2,200	177	
Foreign & Col. I.T.	918	245	
[illegible]			
Ladbroke†	1,000	210	+½
Land Securities†	761	663	+5
Laporte	40	620	-3
Legal & General†	1,200	476	+8
Lloyds Abbey	708	430	+2
Lloyds Bank†	2,000	535	-2
LASMO	1,000	143	-1
London Elect.	33	537	-1
Londo	1,900	127	+3
Lucas	2,800	160	-3
MB Caradon†	1,400	330	-8
MEPC	2,300	496	+9
MFI	2,100	146	+1½
Manweb	132	579	-4
Marks & Spencer†	2,000	369½	+3½
Midlands Elect.	126	550	-3
Morrison (Wm.)	124	138	
NFC†	1,400	265½	-1½
NatWest Bank†	2,600	481	+1
National Power†	934	364½	+1½
Next	345	185½	+1
[illegible]			
Royal Insurance†	1,700	309	+1½
Saatchi	60	183	
Sainsbury†	910	465	-5
Scottish & New.†	109	474	-3
Scot. Hydro-Elect.†	191	368	-2
Scottish Power†	978	349	-2
Sears†	129	113	
Sedgwick	1,500	190	+3
Seeboard	29	591	
Severn Trent Water†	538	537	-4
Shell Transport†	1,200	665	-1
Siebe†	335	541	+9
Slough Ests.	1,100	229	+5
Smith (W.H.) A	193	458	+1
Smith & Nephew†	2,100	153	
SmithKline Beecham†	1,200	457½	+8½
SmKl Beecham Uts.†	283	402	+3
Smiths Inds.	116	393	+2
Southern Elect.	130	542	-2
South Wales Elect.	69	597	-1
South West Water	11	560	-8
South West. Elect.	182	549	-2
[illegible]			
Wellcome†	783	744	-5
Welsh Water	803	620	-7
Wessex Water	288	539	-2
Whitbread 'A'†	1,100	551	+10
Williams Hldgs.†	980	335	-6
Willis Corroon	45	227	-½
Wimpey	805	185	+1
Wolseley†	367	635	+1
Yorkshire Elect.	98	559	-2
Yorkshire Water	453	542	-2
Zeneca†	1,300	754	-2

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 Index constituent.

Account Dealing Dates

*First Dealings:		
Aug 16	Sep 6	Sep 20
Option Declarations:		
Sep 2	Sep 16	Sep 30
Last Dealings:		
Sep 3	Sep 17	Oct 1
Account Day:		
Sep 13	Sep 27	Oct 11

*New time dealings may take place from two business days earlier.

Surprise at Thorn disclosure

SURPRISE among leisure analysts over how Thorn EMI chose to deliver what was seen as a subtle profits warning hung over the shares yesterday. The possibility of an official inquiry was under consideration by London Stock Exchange officials last night.

Thorn shares had opened sharply down yesterday as S.G.Warburg, the company's broker, lopped £18m off its profits forecast. The broker was reacting to a letter sent by Thorn to shareholders on Friday – and lodged with the Stock Exchange that day – detailing the sale of the group's lighting division. However, at the end of the letter Thorn warns that profits from its security and electronics business are unlikely to be greater than 1992's £1.5m. Analysts had pencilled in £15m profits for 1993.

But with the exception of Warburg, no other broker seems to have received a copy of the circular until after the market opened yesterday, following which a swathe of downgrades hit the stock. Profits are believed to have been hit by the deferment of certain defence contracts. GEC broke off negotiations a month ago over buying the defence side of Thorn's electronics business.

Last night a spokesman for Thorn said: "I can understand the consternation among some analysts – however, this was not a profits warning but an updated trading statement." He added that additional information of the bright start made by the music and rental divisions bore this out. He also pointed out that a statement from the Exchange on Friday said the official letter referring to the lighting division was available at the Exchange, and that copies were available from the company or its broker. Thorn shares finished yesterday's session, 21 down at 983p. Turnover was a healthy 1.8m.

Insurers switch

A pre-results recommendation sent insurer Legal & General higher yesterday at the expense of Prudential. Securities house UBS repeated its recommendation to switch out of the Pru, which publishes interim figures tomorrow, and into Legals, which announces its profits next Thursday.

UBS is cautious on the life sector after the recent announcement by the Office of Fair Trading on disclosure of commissions. However, it feels Legal & General offers the best value and forecasts an interim profit of £78m against £74m last time. It predicts a profit of £250 for Prudential against £249m last time. Legals gained 8 to 476p while Prudential was steady at 337p.

Properties firm

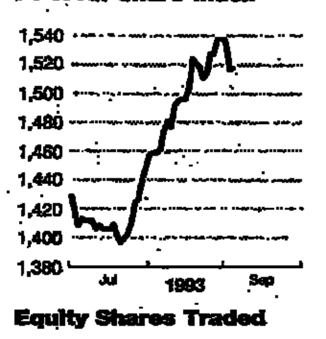
A bright property sector was enlivened by recommendations fom Kleinwort Benson and SG Warburg, as well as some positive weekend press comment. Among those doing well, British Land gained 5 to 385p, as did Land Securities to 663p, while MEPC added 9 to 496p.

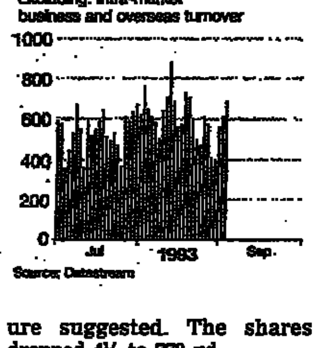
Press speculation that Ladbroke Group was considering floating its property division caused little interest in the market. While the company was said to be denying the move to analysts, many said they believed that such a development would eventually find its way on to the company's debt-cutting agenda, although not until next year. Ladbroke shares climbed a half-penny to 210p.

RTZ, the world's biggest mining group, rose 3 to 735p in the registered ahead of first half results on Thursday. The group is forecast to announce profits of £170m to £200m, up to 25 per cent ahead of last year as a result of improved productivity, acquisitions and currency gains.

Royal Bank of Scotland continued to receive support from a broker's buy recommendation on Friday, adding 4 at 292p. National Westminster was held back by speculation of a large preference share issue but analysts were sceptical and added that it would have little impact on the ordinary shares which closed a penny firmer at 481p.

Oil group Burmah was held back as investors digested last week's results and decided that they were slighlty more disappointing than the headline figure suggested. The shares dropped 4¼ to 773 xd.





In spite of the Labor Day closure of the US markets Enterprise was bought 6 higher to 494p by US institutions operating in London.

The majors, Shell Transport and BP, were restrained by a weaker oil price and ended the day easier on balance at 665p and 307p respectively.

Pharmaceuticals group Wellcome was held back by reports of a Japanese drug found to be capable of inhibiting the death of cells infected by HIV, the virus that causes AIDS. The drug will need to be tested in animals for at least two years before any clinical trial can be considered so the drug is many years away from the market. Wellcome is always vulnerable to negative sentiment from AIDS stories. The shares shed 9 at one stage and closed 5 off at 744p.

Glaxo lifted 2 ahead of full-year results on Thursday with volume boosted by heavy activity in the traded options market. Analysts expect of about £1.66bn from 1.43 billion in 1992 but there are some concerns that in the light of the new harsher climate for the drugs industry the accompanying statement could encourage profit-taking.

Medeva improved 5 to 123p xd as securities house Smith New Cpourt repeated a buy recommendation arguing that the share price, which has halved since a profit warning last month, was cheap. Also, word leaked out that French owned SGST was preparing an enthusiastic piece of research.

Dealers pointed to a recommendation from a small broker aimed at private clients as the reason behind strength in Enviromed, up 7 at 118p.

Whispers of a big rights issue ahead of Cadbury Schweppes' results on Thursday were being heard. Analysts said that while such an event would not be surprising, similar talk has been well aired in the past. The shares gained 2 at 476p.

Shares in shipbuilder Vosper Thornycroft was in demand after it announced a further order from Qarter to provide spares, maintenance and training for four fast strike craft which it ordered from Vosper last year. They rose 12 to 674p.

Vague talk that GKN was taking a look at Westland, in which it has a stake, was heard, although analysts dismissed suggestions of a takeover. GKN closed at 488p xd and the latter put on 8 at 244p.

A positive annual meeting held by engineering group Siebe boosted the stock, the shares gaining 9 to 541p.

Figures released at the weekend showing a sharp increase in UK car sales, boosted several stocks in the motor sector. These included distributor Bletchley, where the shares jumped 25 to 335p, ahead of Friday's interim figures; Dagenham Motor which hardened 3 to 139p, and Pendragon, 5 better at 283p.

Shares in steel group ASW Holdings fell 10 to 214p, after it reported interim figures below market expectations, inspite of returning to profit. Half-time figures came in at £1.5m against a loss of £2.1m last time. Brokers moved to downgrade full year expectations following the figures with Smith New Court reducing its forecast by £3m to £11m.

Conglomerate Suter cheered the market by reporting bumper profits and the shares hardened 4 to 184p.

Birkby, the property and vehicle hire company, rose 6 to 190p and Cosalt, the manufacturer and supplier, lifted 13 to 130p. Dealers said a bear squeeze was responsible for pushing both stocks higher. Birkby received additional support from the property market's recent good run.

Elsewhere, food maufacturing stocks were mostly positive, with Hoare Govett advising clients to switch out of capital goods stocks and to go overweight in the sector. Nervousness ahead of results today pulled down Hillsdown, off 3 at 165p.

Publisher Harrington Kilbride jumped 16 to 250p ahead of interim results today. Meanwhile Haynes, the publisher of technical manuals, leapt 37 to 455p after a boost in profits to £3.95m and a confident statement from the chairman.

MARKET REPORTERS:
Peter John,
Christopher Price,
Joel Kibazo, Tom Ford.

■ Other statistics, Page 26

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (173).
BRITISH FUNDS (11) Tr. 2½pc IL '01, Tr. 2½pc IL '03, Tr. 4⅝pc '04, Tr. 2pc IL '06, Tr. 2½pc IL '09, Tr. 2½pc IL '11, Tr. 2½pc IL '13, Tr. 2½pc IL '16, Tr. 2½pc IL '20, Tr. 2½pc IL '24, [illegible] … Banner Homes, Crest Nicholson, Hewden-Stuart, Maunders, Prowting, ELECTRICALS (7) Arlen, Chloride, Johnson, Menvier-Swain, Pifco, Do A, Scholes, ELECTRONICS (4) Alphameric, Pacer Systems, Reflex, Unitech, ENG AERO (1) ML, ENG GEN (7) Bromsgrove, Crabtree, Hall, Protean, Senior, Vosper, Wilkes, FOOD MANUF (2) Matthews, Unigate, FOOD RETAILING (1) Ashley 9¾pc Pf., HEALTH & HSEHOLD (1) Isotron, HOTELS & LEIS (1) Sleepy Kids, INV TRUSTS (25), MEDIA (13) Allied Radio 8pc Ln. '01, Abbott Mead Vickers, Adscene, Harrington Kilbride, Haynes, Hodder Headline, News Intl., Quarto, Radio Clyde, Southern Radio, Trinity, Yorks. Tyne-Tees, Do Wts., MERCHANT BANKS (1) Close Bros., MTL & MTL FORMING (2) Castings, Cooper (F), MISC (9) Airsprung Furn., Birkby, Black (P), Chemring, Dudley Jenkins, Norbain, Office & Elect., Osborne & Little, Rhino, MOTORS (11) Bletchley, Caverdale, Dagenham, European Mtrs., Henlys, Lex Service, Mayflower, Pendragon, Sanderson Murray E, Trinity, Vardy (Reg). OIL & GAS (3) Bow Valley, Monument, Tullow, OTHER FINCL (5) Aberdeen Tst., Jardine Strategic, OTHER INDLS (2) Optometrics, Vinten, PACKG, PAPER & PRINTG (7) AG, Boxmore, Filofax, Intl. Comm. & Data, Low & Bonar, Serif, Waco, PROP (14) Allied London, Cap. & Regional, Cardiff, Chesterfield, Daejan, Five Oaks, Hambro Countrywide, Highcroft, Peel, Safeland, Southend Std. 5½pc Pf., Stanhope, Tops Ests., Trencherwood, STORES (3) Argos, French Connection, Moss, TELE NETWORKS (1) Cable & Wireless, TEXTS (6) Claremont Garments, Coats Viyella, Dewhirst, Richards, SEET, Sirdar, TRANSPORT (4) Dawsongroup, Forth Ports, Natl. Express, P & O 5½pc Pf., WATER (1) Mid Kent, MINES (1) Kalis Minerals.
NEW LOWS (8).
BRITISH FUNDS (1) Tr. 14½pc '94, AMERICANS (1) Bethlehem Steel, CANADIANS (1) Nova Corp. of Alberta, ENG GEN (1) Benson, MEDIA (1) Blenheim, MISC (1) FII, PACKG, PAPER & PRINTG (1) Seppl, STORES (1) Reject Shop, MINES (1) Devex.

FINANCIAL TIMES EQUITY INDICES

	Sep 6	Sep 3	Sep 2	Sep 1	Aug 31	Year ago	* High	* Low
Ordinary share	2386.8	2380.7	2401.4	2403.1	2414.2	1733.4	2414.2	2124.7
Ord. div. yield	3.85	3.88	3.84	3.84	3.82	5.13	4.52	3.82
Earning yld % full	4.55	4.56	4.53	4.53	4.51	7.45	6.38	4.51
P/E ratio net	28.07	28.02	28.17	28.19	28.30	16.96	28.30	19.40
P/E ratio nil	25.92	25.88	26.01	26.04	26.14	15.78	26.14	18.14
Gold Mines	177.2	178.3	189.8	193.7	194.6	72.9	249.2	60.0

*for 1993. Ordinary share index since compilation: high 2414.2 31/8/93 - low 49.4 26/6/40
Gold Mines Index since compilation high: 734.7 15/2/83- low 43.5 28/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2386.2	2387.7	2387.0	2384.3	2388.3	2390.3	2391.3	2393.9	2393.8	2396.8	2382.4

	Sep 6	Sep 3	Sep 2	Sep 1	Aug 31	Year ago
SEAQ Bargains	28,285	38,503	36,139	34,892	40,382	15,106
Equity Turnover(£m)†	-	1489.5	1727.7	1450.8	1055.1	538.4
Equity Bargains†	-	43,902	40,348	40,607	43,914	17,558
Shares traded (mil)†	-	694.4	613.7	584.7	410.5	268.1

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate. 48p at all other times.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
3059.0 +1.7	3475.7 -3.2	1519.21 +0.62

	Sep 6	Day's change %	Sep 3	Sep 2	Sep 1	Year ago	Dividend yield %	Earnings yield %	P/E Ratio	Xd adj ytd	Total Return
FT-SE 100	3059.0	+0.1	3057.3	3072.6	3085.1	2372.2	3.76	5.03	22.01	68.18	1107.23
FT-SE Mid 250*	3475.7	-0.1	3478.9	3489.8	3495.7	2212.5	3.48	5.50	22.36	69.20	1248.11
FT-SE Mid 250 ex Inv Trusts*	3493.3	-0.1	3495.4	3505.9	3511.1	2220.6	3.57	5.86	21.14	70.48	1249.77
FT-SE-A 350*	1532.3	—	1531.9	1539.0	1544.4	1138.8	3.70	5.60	22.09	33.32	1136.39
FT-SE SmallCap	1785.77	+0.3	1780.31	1779.77	1778.88	-	3.12	3.84	36.21	30.22	1341.46
FT-SE SmallCap ex Inv Trusts	1786.65	+0.4	1779.62	1777.29	1774.85	-	3.28	4.22	34.06	31.43	1343.24
FT-A ALL-SHARE	1519.21	—	1518.59	1525.09	1530.09	1120.50	3.66	5.49	22.63	32.58	1146.80
1 CAPITAL GOODS(214)	1088.99	+0.3	1085.48	1086.67	1091.32	892.85	3.64	3.83	34.46	22.83	1280.89
2 Building Materials(26)	1167.31	+0.3	1164.35	1165.00	1158.48	882.52	3.91	3.21	44.19	22.93	1351.14
3 Contracting, Construction(29)	1043.81	+0.7	1036.68	1038.98	1033.50	519.81	3.15	1.25	80.00†	14.82	1442.20
4 Electricals(15)	3167.34	+1.3	3126.35	3123.39	3125.47	2056.69	4.27	3.40	36.79	75.17	1290.67
5 Electronics(38)	2923.38	+0.4	2910.74	2937.23	2977.84	1900.89	2.95	5.71	21.46	63.37	1280.21
6 Engineering-Aerospace(7)	441.42	+0.4	439.55	445.25	455.40	294.03	3.21	‡	‡	6.61	1524.18
7 Engineering-General(48)	629.33	+0.5	626.05	621.32	624.13	427.00	3.43	5.80	21.60	13.05	1262.12
8 Metals & Metal Forming(10)	455.23	-0.7	458.52	458.50	481.05	265.59	2.40	‡	‡	8.63	1436.68
9 Motors(20)	459.70	-0.3	460.91	460.84	457.64	288.89	4.76	4.12	33.88	12.66	1268.44
10 Other Industrials(19)	2283.55	+0.3	2276.38	2273.91	2288.37	1531.60	3.96	5.03	23.74	52.70	1178.58
21 CONSUMER GROUP(233)	1744.89	+0.1	1743.40	1752.98	1749.86	1507.98	3.30	6.42	18.89	31.41	1014.54
22 Brewers and Distillers(29)	1995.05	+0.6	1983.50	1997.03	2040.73	1915.73	3.70	7.75	15.59	42.32	977.09
25 Food Manufacturing(22)	1378.94	-0.1	1380.14	1390.81	1391.96	1087.98	3.69	7.06	16.85	28.07	1064.04
26 Food Retailing(17)	2972.82	-1.0	3002.85	2989.39	3041.90	2628.59	3.14	8.68	14.30	52.25	932.20
27 Health & Household(30)	3643.41	+0.1	3638.38	3692.84	3569.62	3929.15	3.39	6.04	19.33	48.20	867.39
29 Hotels and Leisure(19)	1448.08	—	1448.31	1446.07	1435.92	989.12	4.08	5.75	21.77	45.39	1169.09
30 Media(33)	2145.60	-0.2	2150.85	2147.60	2156.24	1448.41	2.45	4.75	25.44	32.06	1195.33
31 Packaging and Paper(24)	903.98	-0.4	907.84	912.41	925.73	711.22	3.28	5.31	23.17	18.13	1163.00
34 Stores(39)	1278.26	+0.6	1270.49	1272.97	1276.92	958.31	2.82	5.45	23.15	19.85	1119.66
35 Textiles(20)	848.54	+0.6	843.21	838.64	837.41	581.27	3.61	5.67	22.09	16.54	1158.30
40 OTHER GROUPS(141)*	1598.78	-0.1	1600.32	1609.05	1620.02	1201.62	4.04	6.92	17.40	40.61	1144.12
41 Business Services(27)	1709.04	+0.2	1705.27	1716.53	1725.50	1226.49	2.72	6.87	16.60	22.04	1138.44
42 Chemicals(23)	1579.43	-0.1	1580.92	1599.47	1603.61	1275.00	4.16	0.28	‡	43.89	1142.70
43 Conglomerates(11)	1509.69	-0.6	1518.38	1534.23	1554.56	1148.11	5.07	7.11	15.86	46.23	1127.67
44 Transport(15)	3252.62	+0.2	3247.06	3256.79	3230.46	2264.08	3.55	4.10	28.67	58.31	1200.85
45 Electricity(16)	1918.27	—	1918.16	1935.90	1945.08	1354.25	4.10	11.81	10.52	61.43	1269.64
46 Telephone Networks(4)	1878.90	-0.4	1886.10	1885.57	1896.33	1387.28	3.81	5.57	22.13	34.68	1138.89
47 Water(13)	3820.58	-0.9	3854.31	3890.51	3895.04	2891.37	4.90	11.96	9.24	106.71	1152.13
48 Miscellaneous(32)	2418.84	+0.9	2398.08	2403.64	2402.50	1940.40	4.37	7.95	14.72	88.99	1013.51
49 INDUSTRIAL GROUP(598)	1546.54	+0.1	1545.48	1552.48	1556.05	1205.13	3.62	6.05	20.18	32.52	1104.13
51 Oil & Gas(18)	2641.94	-0.2	2648.35	2668.61	2663.96	1813.93	4.17	5.97	21.02	54.48	1206.19
59 "500" SHARE INDEX(606)*	1643.97	—	1643.32	1651.40	1654.48	1264.27	3.68	6.04	20.28	34.51	1114.47
61 FINANCIAL GROUP(90)	1124.18	+0.1	1122.84	1123.65	1135.79	665.21	3.82	3.30	45.25	28.07	1324.50
62 Banks(9)	1506.96	-0.1	1508.79	1509.71	1527.70	906.55	3.57	4.11	33.56	39.85	1303.94
65 Insurance (Life)(6)	2062.74	+0.6	2050.34	2060.16	2068.94	1360.03	4.34	4.66	27.02	48.84	1200.80
66 Insurance (Composite)(7)	698.67	+0.4	696.16	693.94	713.24	462.17	4.81	‡	‡	20.75	1150.77
67 Insurance Brokers(10)	921.37	-0.1	922.30	919.80	923.45	573.75	4.24	4.55	32.34	24.29	1227.50
68 Merchant Banks(6)	822.49	-0.4	825.71	824.11	828.40	409.08	2.78	5.53	22.45	13.82	1673.51
69 Property(29)	1024.57	+1.0	1014.39	1018.65	1019.33	503.57	3.85	3.92	33.75	21.20	1643.42
70 Other Financial(23)	459.00	-0.5	461.09	462.48	463.62	218.97	3.34	4.74	28.20	8.04	1554.61
71 Investment Trusts(110)	1657.17	-0.3	1662.45	1670.06	1676.04	1051.44	2.48	1.99	50.23	26.24	1263.79
99 FT-A ALL-SHARE(806)*	1519.21	—	1518.59	1525.09	1530.09	1120.50	3.66	5.49	22.63	32.58	1146.80

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3052.8	3055.7	3055.0	3050.4	3052.7	3053.4	3053.5	3056.1	3055.9	3059.7	3049.7
FT-SE Mid 250	3475.0	3475.1	3474.8	3472.0	3473.8	3474.3	3474.8	3475.9	3475.9	3478.2	3471.8
FT-SE-A 350	1529.8	1531.0	1530.7	1528.6	1529.7	1530.0	1530.1	1531.2	1531.1	1532.6	1528.3

Time of FT-SE 100 high: 8.41am low: 10.30am

FT-SE Actuaries 350 Industry Baskets

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous close	change
Constrcn	2009.6	2010.0	2009.5	2007.4	2008.5	2007.7	2007.7	2007.7	2007.7	2008.9	1999.7	+9.2
Health & H	1096.2	1097.9	1095.3	1092.5	1093.1	1093.0	1093.0	1093.7	1094.4	1098.3	1096.9	+1.4
Water	1508.0	1508.9	1501.5	1493.3	1492.9	1493.6	1493.6	1495.3	1495.2	1494.5	1508.8	-14.3
Banks	1830.5	1830.7	1827.2	1825.3	1824.6	1824.6	1823.8	1824.5	1827.8	1831.7	1833.9	-2.2

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at the same address.
The increase in the size of the FT-Actuaries All-Share Index from January 4 1993 means that the FT 500 now contains more stocks. It has been renamed the FT "500". † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative.
The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 Indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules.
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LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
Funding 6pc 1993‡‡	100xd	—	100¼	99⅞	6.00	—
Treas 13¾pc 1993‡‡	101	-½	106	101½	13.53	
8½pc 1994	101		102	101	8.40	
14½pc 1994‡‡	104	-½	109¼	104	13.90	
Exch 13½pc 1994	104	—	109	104	12.88	
Treas 10pc Ln 1994‡‡	103	—	105	103	9.68	
Exch 12½pc 1994	108	—	110	106	11.73	
Treas 9pc 1994‡‡	103	—	105	103	8.68	
12pc 1995	108	—	111	108	11.06	
Exch 3pc Gas 90-95	96	+⅛	97	94	3.09	
10¼pc 1995	108	—	109	107	9.49	
Treas 12¾pc 1995‡‡	114	-½	116	113	11.17	
14pc 1996	117	—	120	117	11.89	
15¼pc 1996‡‡	122	—	125	121	12.46	
Exch 13¼pc 1996‡‡	117	+⅛	120	116½	11.25	
Conversion 10pc 1996	111	—	111½	108	9.01	
Treas 13¼pc 1997‡‡	120	—	122	118	10.96	
Exch 10½pc 1997	112xd	-⅛	113	110	9.29	
Treas 8¾pc 1997‡‡	106	-⅛	109	105½	8.85	
Exch 15pc 1997	130	-⅛	132	127	11.52	
9¾pc 1998	112	—	112	109	8.65	
Treas 7¼pc 1998‡‡	103	—	103	99	6.99	
7¼pc 1998 B‡‡	56	+⅛	58	54½	7.00	
Treas 6¾pc 1995-98‡‡	100	—	101¼	97	6.69	
14pc '98-1	126	-⅛	129½	125	10.86	
Five to Fifteen Years						
Treas 15½pc '98‡‡	137xd	-⅛	138	133	11.28	
Exch 12pc 1998	122	—	123	118	9.77	
Treas 9½pc 1999‡‡	113	-⅛	113	108	8.39	
Exch 12¼pc 1999	125xd	—	125	120	9.80	
Treas 10½pc 1999	118	—	118	112	8.90	
Conversion 10¼pc 1999	117	-⅛	118	112	8.69	
9pc 2000‡‡	112	-⅛	113	106	8.00	
Treas 13pc 2000	132	-⅛	132	125½	9.81	
10pc 2001	117	-⅛	118¼	109	8.49	
7pc '01(£57¼ P/P)‡‡	61	—	61	57	6.92	
9¾pc 2002	118	-⅛	118	108	8.24	
8pc 2003‡‡	106	-⅛	106	97	7.40	

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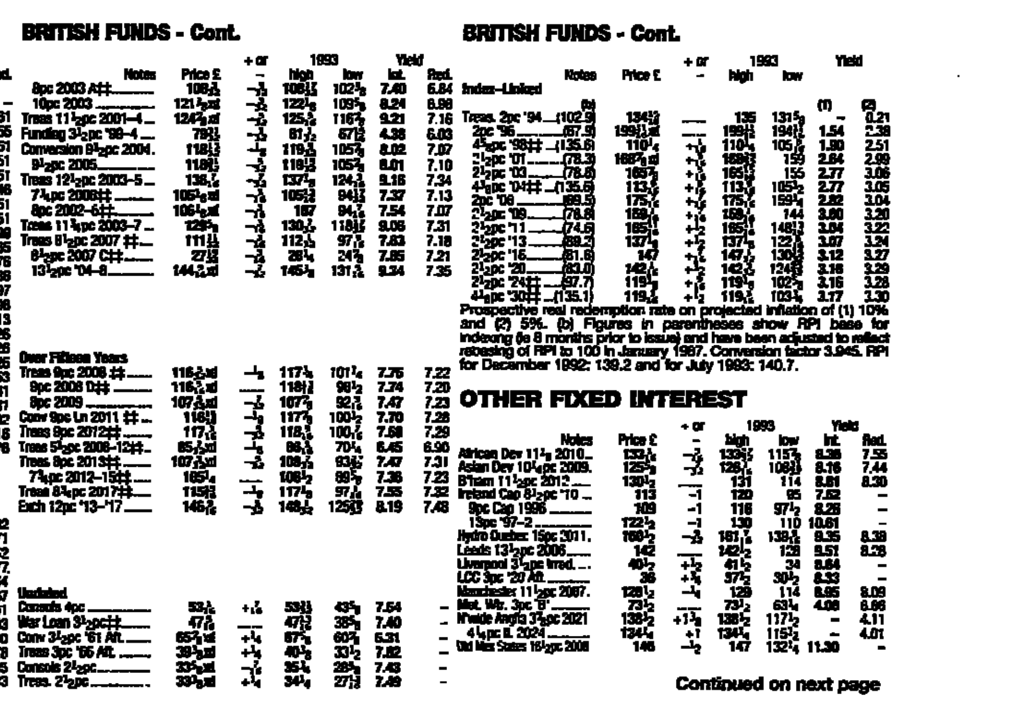
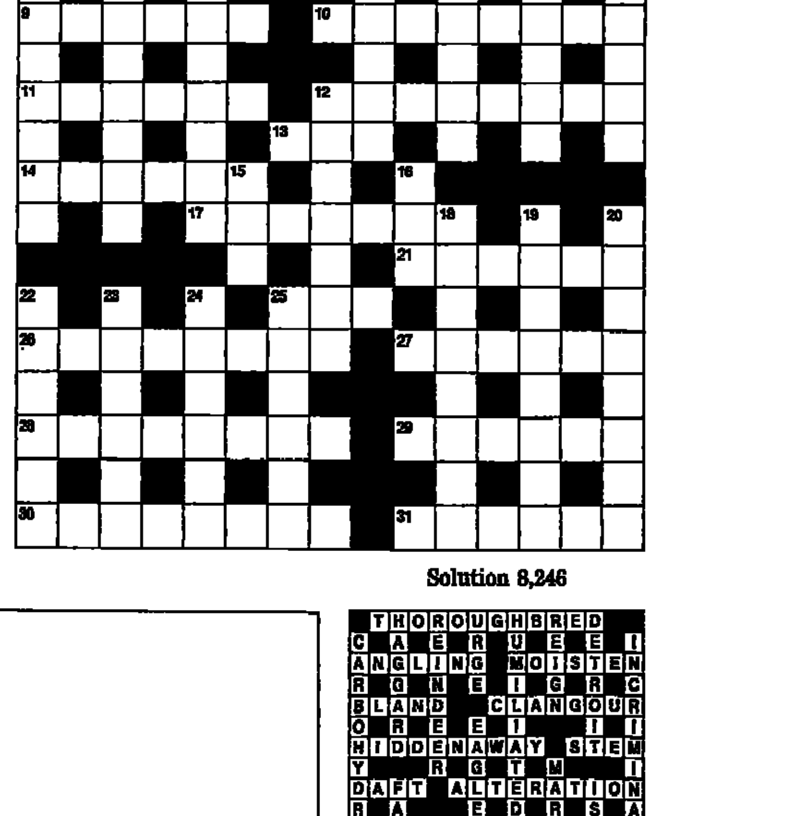


CROSSWORD

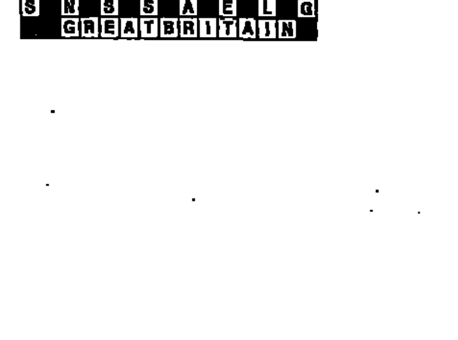
No.8,247 Set by DANTE

ACROSS
1 Magnificent Slav round-up (6)
4 Force to put one means of transport before another (8)
9 Is he a jazzy type? If the caps fits .... (3-3)
10 Dora and Rita may get you warmer – or cooler! (8)
11 Road-works in order (6)
12 Bar on a flight (5-3)
13 Firm's salad maker (3)
14 We'd get involved with Ian and Mrs Currie (6)
17 News item – a certain favourite comes last (7)
21 Signs liable to be kicked over (6)
25 Source of light initially (3)
26 Port or claret (8)
27 Point out a two-spot card, we hear (6)
28 Weapon – injure about one thousand with it (8)
29 Horrified – has the wrong tag showing outside (6)
30 Contest for boxers maybe (8)
31 Insert pages in a final section? (6)

DOWN
1 No chores undone in this vessel (8)
2 Keep quiet aboard ship (4,4)
3 Makes a new arrangement when a number break the rules (8)
5 Stays will alter a waist (6)
6 Stored face up in the end (4,2)
7 Call for a strike? (6)
8 Scoff at journalist's return journey (6)
12 Major case for open-air speaking? (7)
15 A New Testament industrialist (3)
16 Conventional group of people (3)
18 The difference between imports and exports (5,3)
19 Account supported by a clergyman should be reliable (8)
20 Tees should be made with sand – agreed? (8)
22 Took advantage of American in a plot (6)
23 Hearing is difficult (6)
24 There's something precious in one set of twins (6)
25 Plant much as described (6)



Solution 8,246



JOTTER PAD

EQUITY FUTURES AND OPTIONS TRADING

CONSOLIDATION was the keynote of yesterday's trading in the derivatives sector, with dealers unwilling to commit themselves to taking large positions ahead of a week of results from some of the market's biggest companies, writes Joel Kibazo.

The early strength in the September contract on the FT-SE 100 which saw it advance 6 points to 3,070 within the first hour of trading petered out as dealers turned more cautious about the outlook on the corporate results front. Sporadic buying was seen from a number of independent traders. Others simply chose to extend the run of profit-taking into a fifth consecutive session with the absence of a lead from Wall Street, closed for Labour Day, doing little to boost sentiment.

September ended the session at 3,063, some 5 points below Friday's close and at an 8-point premium to the underlying cash market. As the life of the September contract draws to a close, fair value, the premium which allows for dividend flow and financing costs on the underlying Footsie stocks now stands at zero.

Volume in September was a mere 6,738 lots, with dealers reporting the rolling forward into December of around 2,000 contracts. The closing volume in that contract was 2,074.

Traded options were dull with volume falling to 20,142 contracts, from Friday's 30,948. Glaxo was the top stock option at 1,324 lots.

AMERICANS

Notes	Price £	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs	17⅞xd	-⅛	20⅞	15⅝	14,593	2.6
Allegheny & W ♥	585p	-17	722p	399p	340.9	3.4
Amdahl	318p	+4	591p	302½p	357.1	1.1
Amer Cyanamid	35½	-⅝	39⅝	31¾	3,189	3.3
Amer Express	21⅞xd	-⅛	25⅞	14⅞	10,487	3.1
Amer T & T	42¼xd	+⅞	43¼	33⅞	57,609	2.1
Ameritech	56⅝	-⅝	58½	45	24,792	4.4
Anheuser-Busch	30⅞	-1⅛	41¼	30⅞	8,561	2.9
BankAmerica	30¼xd	-⅝	36⅞	27⅛	10,754	3.1
Bankers NY	53⅞xd	-⅞	54⅛	42⅝	4,278	3.9
Bell Atlantic	41½	-1⅛	42⅞	32¼	18,028	4.3
BellSouth	39⅛	-⅝	39⅞	32⅞	19,327	4.8
Bethlehem Steel ♥	8¼xd	-⅛	13¾	8⅞	782.0	-
Bowater	1313pxd	-26	1682p	1287p	475.8	3.1
CPC	29¼xd	-⅛	34⅝	28	4,430	3.0
California Engy	1168p	-	1478p	1086p	212.3	-
Chase Manhattan	22⅝xd	-⅛	24½	17⅞	3,531	3.6
Chrysler	27⅛xd	-1	32⅛	21¼	8,016	1.5
Citicorp	21½xd	-⅛	22⅞	13⅞	7,858	-
Colgate-Palm	33½xd	-⅛	45⅝	32	5,348	2.9
Com'l Bank	1615p	-5	1877p	1278p	1,632	2.5
Dana	35½xd	-⅛	37⅞	29⅞	1,830	3.0
Data General	595p	-33	851p	527p	184.2	-
Decora Inds ♥	118p	+6	148p	104p	-	-
Dun & Brad	40⅞	-	42⅞	37⅛	7,288	4.0
Eaton	31⅞	-⅛	33⅛	25⅞	2,182	2.6
Echlin	18⅞xd	-⅛	20½	15⅞	1,071	2.6
FPL	25¾xd	-⅝	27⅞	23¼	4,678	6.4
Ford Motor	32⅞xd	-1⅛	38½	28¾	18,173	2.0
Gen Elect	63⅛xd	-1⅛	67⅛	53⅝	54,124	2.7
General Host ♥	478p	-	723p	456p	-	5.0
Gillette	35¼xd	-⅛	42⅝	31⅞	7,788	1.6
Hasbro	29⅞	-	29⅞	20⅞	1,819	0.8
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3,126	2.6

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

ELECTRICALS

ELECTRICALS - Cont.

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIALS

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

Transport	Notes	Price	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
NFC Var Vtg		285½	-1½	294	230	1,479	3.1	20.2
National Express		288	+2	288	181	105.3	3.3	19.1
Norex		167	+3	177	134	15.5	1.5	5.4
Norish		160	-3½	163½	106½	13.5	7.8	8.2
Ocean Grp		323	+1	334	244	497.4	5.5	26.8
Ocean Wilsons		73	+1	73	40	29.0	6.8	13.2
P & O Dfd		668	+6	678	504	3,742	5.7	36.1
5½pc Pf		157	+1	157	127	104.6	4.4	-
6¾p Cv Pf		130½	—	133	100	72.4	6.5	-
Powell Duffryn		544	—	583	448	358.0	5.2	21.1
Sea Containers $		1289	—	2097	1157	128.3	3.6	-
Seacon		170xd	+1½	171	117	16.5	3.8	10.7
Seafield		16½	+¼	21½	7½	10.9	-	-
Stagecoach		144	—	148	112	172.8	3.3	ϕ
TNT A$		60½	—	60½	31½	342.0	-	-
Tibbett & Britten		740	—	773	624	321.9	2.0	28.4
Tiphook		244	+1	382	173	288.2	9.9	-
Transport Dev.		258	—	298	227	377.7	4.7	8.4
Vard NKr		£4¾	—	£4¾	£1⅝	153.6	-	-
Wah Kwong HK$		134	—	146	97½	109.6	2.5	7.0

WATER

	Notes	Price	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
Anglian	N□	624	-2	653	455	1,881	5.0	10.6
Bristol Water	N	838	+3	845	775	55.7	4.1	11.4
Chesm A		388	—	402	195	20.0	3.5	14.2
B N/V		373	—	375	180	8.94	3.7	13.3
East Surrey		368	—	368	270	46.5	3.9	9.2
Mid Kent	N	330	+2	330	244	68.4	4.0	12.2
North West	Nq□	513	-8	537½	431½	1,913	5.2	9.2
Northumbrian	N□	642	-3	654	547	432.7	4.4	6.6
Severn Trent	N□	537	-4	554	439	1,917	4.9	8.6
Southern	N□	582	-10	583	454	938.3	4.7	9.4
South Staffs		1585	—	1585	1225	88.9	3.7	11.3
South West	N□	580	-8	579	465	701.7	5.3	9.2
Thames	N□	527	-5	563	454	2,085	5.0	10.3
Welsh	N□	629	-7	639	506	907.6	4.7	6.3
Wessex	N□	638	-2	*640	536	708.8	4.2	9.6
York W'works		398	—	315	210	19.0	3.7	13.8
Yorkshire	N□	542	-2	583	473½	1,077	4.9	9.2

SOUTH AFRICANS

	Notes	Price	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£12¼	—	£12¼	27½	730.6	5.8	9.8
Barlow Rand		25½	-⅛	£10⅝	25⅝	1,141	5.9	3.3
Gold Flds Prop		80xd	+2	107	49	8.18	12.5	6.8
NK Props	h	68	—	97	68	2.73	19.3	2.6
OK Bazaars		98	-2	118	70	98.3	2.1	-
SASOL	♥	270	-1	300	215	1,528	5.8	ϕ
SA Brews		872	-15	975	753	2,384	3.1	14.5
Tiger Oats		588	—	750	530	883.3	2.7	13.4
Tongaat-Hulett		311	-5	398	212	232.8	4.7	9.0

PLANTATIONS

	Notes	Price	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Rubbers, Palm Oil							
Anglo-East	□	55	-1	59	35	15.7	3.1
Bertam	N	150	—	150	83	31.3	4.2
Cons Plants M$		47	—	58	42	391.5	8.8
Golden Hope M$		39	—	46	37	409.6	6.0
Highlands M$		28	—	39	24	84.6	10.6
Kuala Kepong M$		90xd	+2	93	74	390.2	4.9
Rowe Evans	N	61	—	63	41	22.6	4.1
Teas							
Williamson		580	—	580½	325	18.6	5.0

MINES

	Notes	Price	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Central Rand							
Durban Deep		426	+13	709	120	9.83	-
East Rand Prp		198	-1	270	54	32.6	-
Randfont'n Est		494	-3	671	150	392.0	6.1
West Rand		58	—	65	45	2.48	-
Eastern Rand							
AFMIN	YZ	1	—	1	0½	0.24	10.0
Bracken	†	31	+3	46	18	4.34	-
Eastern Trans		65	—	65	16	55.1	3.7
ERGO		119	+2	281	47	54.6	9.9
Grootvlei		95	+3	187	49	18.9	11.1
Kinross	†	808	+2	1080	332	145.4	6.3
Leslie	†	91	—	137	25	14.6	4.6
Randex		14	—	20	4	1.27	-
Winkelhaak	†	784	-6	1029	323	85.5	1.3
Far West Rand							
Blyvoor		188	+1	133	33	25.9	5.7
Buffels		812	-4	871	233	67.3	10.7
Deelkraal		111	-4	165	37½	110.5	1.8
Doornfontein		41	—	98	7	16.4	-
Driefontein		845	—	913	388	1,315	4.7
Elandsrand		310	-2	604	117	300.7	4.0
Hartebeest		258	-2	425	87	293.0	7.7
Kloof		594	-1	913	319	809.4	3.8
Southvaal		1625	-10	2188	£4⅝	422.5	3.5
Stilfontein		82	+3	109	18	10.7	7.8
Vaal Reefs		£45¼	-¼	£60¾	£18	5,389	4.9
Western Areas		261	-12	351	25	105.2	2.7
Western Deep		219½	-¼	£25⅛	£5⅞	540.4	3.3
Zandpan		48	-20	68	18	98.8	6.9

MINES - Cont.

	Notes	Price	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Europa Mints	N□	38	—	42	15	18.3	-
Glencar Expl		12	—	12	6	2.22	-
Greenwich Res	□	14¼	—	22¼	5	11.5	-
Hemlo Gold C$		£6¼	—	£8¼	£3½	663.2	1.4
Ivernia West	□	42	—	57	31	21.1	-
Kells Mints		14	+1	14	6	0.34	-
Kenmare	□	9¼	—	13½	6	9.28	-
Melinga Res		19½	+1½	25½	7½	1.16	-
Navan Res		91¾	-6½	102	25	16.6	-
5pc Ln Notes		91¾	-2½	95¼	25	16.5	-
Oryx Gold		76⅞	—	76⅞	47	-	-
††Ovoca Res		8	—	8	3½	0.68	-
RTZ	N□	735	+3	748	607	7,813	3.5

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ϕ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✥ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR 'Headline Earnings' draft proposals.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

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An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Singer & Friedlander UT Mgmt Ltd (1000)F						
PO Box 224, Beckenham, BR3 4TF					081-663	3009
European Trust	6	57.13	57.30	60.96	-0.36	1.63
Far Eastern Tst	6	67.73	68.61	72.99	-0.95	1.79
Smaller Cos	5	169.8	174.7	185.6	+0.5	1.33
Smith & Williamson Unit Tst Mgrs (1700)F						
1 Riding House St, London W1A3AS					071-637	5377
S & W American	5	276.0	277.2	293.7	+0.5	0.49
S & W Capital	5	125.7	125.7	134.9	-0.5	1.33
S & W Cash	0	101.98	101.98	101.98	+0.01	5.39
S & W European	5	122.3	122.4	129.4	-1.8	0.82
S & W Far Eastern	5	161.5	163.4	172.9	-0.7	0.00
S & W Growth	5	134.9	136.9	144.8	-0.7	1.36
S & W Income	5	121.5	122.8	129.9	-0.4	4.53
S & W Magnum	5	132.5	132.5	142.9	-0.6	1.28
S & W Smlr Secs	5	340.0	347.5	367.7		0.55
S & W Thoroughbred	5	155.4	155.4	167.0	-0.6	1.22
Sovereign Unit Tst Mngrs Ltd (1000)F						
12 Christchurch Rd, Bournemouth					0202	298422
Cash	1	50.12	50.12	50.62	+0.02	5.3
Central Prinance	6½	58.68	58.95	62.87	+0.04	7.3
Ethical	5½	55.63	56.49	60.09	+0.02	3.6
European Growth	6½	64.58	65.00	69.33	-0.33	2.5
Income	6½	56.14	56.69	60.36	-0.15	5.4
Intl Growth	6½	87.20	87.81	93.66	-0.78	2.8
Managed	5½	74.65	75.46	80.51	-0.50	3.3
UK Growth	6½	59.28	59.80	63.85	-0.16	4.1

INSURANCES

OTHER UK UNIT TRUSTS

FT MANAGED FUNDS SERVICE

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Providence Capital Life Assc. Co Ltd - Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Group Pension Funds				
Equity Acc	1152.0	1218.6	[illegible]	–
Fixed Interest Acc	936.3	967.4	[illegible]	–
Managed Acc	177.4	180.9	[illegible]	–
Alpha Funds				
UK Alpha		228.3	-0.8	–
US Alpha		108.7	-1.7	–
Gilt Alpha		90.0	+0.2	–
Gold Alpha		89.3	-4.0	–
Japan Alpha		47.9	-0.5	–
US Dollar Alpha		71.8	-1.9	–
Yen Alpha		76.5	-1.9	–
D-Mark Alpha		80.8	+3.8	–
European Alpha		97.8	-0.8	–
Alpha Pension Funds				
UK Alpha		245.1	-1.3	–
US Alpha		122.7	-2.4	–
Gilt Alpha		91.0	+0.2	–
Gold Alpha		60.3	-5.9	–
Japan Alpha		48.4	-0.5	–
US Dollar Alpha		74.8	-2.5	–
Yen Alpha		82.9	-2.3	–
DM Alpha		90.3	+3.9	–
European Alpha		95.6	-0.8	–

Provident Life Assoc Ltd
Provident Way, Basingstoke RG21 2SZ 0256 470707

	Bid Price	Offer Price	+ or -	Yield Gross
Gold Scheme (Pension)				
Managed Fund		169.7	-0.7	–

Provident Mutual Life Assc. Assn.
6 Hills Way Stevenage Herts SG1 2ST 0438 732000

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Ord	440.3	463.5	-2.8	–
Managed Init	309.2	325.5	-1.9	–
Equity Ord	680.5	695.3	-3.4	–
Equity Init	463.8	488.2	-2.8	–
Index Linked Gilt Ord	203.8	214.5	+0.8	–
Index Linked Gilt Init	149.5	157.4	+0.7	–
Overseas Equity Ord	356.4	375.1	-4.9	–
Overseas Equity Init	250.3	263.5	-3.8	–
Property Ord	233.3	245.6	+0.2	–
Property Init	163.8	172.4	—	–
Fixed Interest Ord	270.0	285.7	+0.2	–

Save & Prosper Group (z)
16-22 Western Rd, Romford RM1 3LB 0708-766966

	Bid Price	Offer Price	+ or -	Yield Gross
A.G. Bond Fd	141.3	149.8	+0.2	–
Bal Inv Fd	699.4	742.2	-2.8	–
Deposit Fd†	353.4	374.0	—	–
Directors' Portfolio	76.8	81.3	-0.5	–
Equity Pens Fd	176.7	187.0	-0.3	–
European Mngd Fd	81.3	84.9	-0.2	–
Gilt Fd	511.7	541.5	+0.4	–
Gilt Pens Fd	140.8	149.0	—	–
Global Equity Fd	218.7	231.5	-1.5	–
Global Eq Pens Fd	207.9	220.1	-1.8	–
High Int Pens Fd†	129.2	136.8	—	–
Japanese Mngd Fd	75.7	80.2	—	–
Managed Income Fd	50.4	53.4	-0.1	4.85
Man Pens Fd	179.5	190.0	-0.7	–
North American Mngd Fd	66.7	70.6	-0.8	–
Pacific Mngd Fd	68.6	72.6	-1.5	–
Property Fd*	89.4	94.7	—	–
Prop Pens Fd*	114.6	121.3	—	–
Taiwan Linked Managed	206.5	218.6	-0.8	–
UK Capital Portfolio	58.5	62.0	-0.2	–
UK Managed Gilt Fd	56.9	60.3	-0.1	–

†Weekly dealings. *Fortnightly dealings

Scottish Amicable
150 St Vincent St, Glasgow 041-248 2323

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds (First Series)				
Managed	435.2	458.2	-0.30	–
Equity	548.8	577.7	+0.50	–
Property	248.1	261.2	+0.10	–
International	432.0	454.8	-2.10	–
Japanese	125.6	132.3	-0.10	–
Asia Pacific	150.1	158.0	-0.80	–
European	118.8	125.1	-0.40	–
American	152.8	160.9	-1.30	–
Fixed Interest	365.0	384.3	+0.50	–
Index-Linked Gilt	198.1	208.5	+0.90	–
Cash	222.0	233.7	—	–
Life Funds (Second Series)				
Managed	121.3	127.7	-0.10	–
Equity	118.1	124.4	+0.10	–
Property	104.4	109.9	—	–
International	133.7	140.8	-0.60	–

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FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

John Govett (Channel Islands) Ltd (1000)F
6 Mindon Place, Helier, Jersey 0534 38670
Global Stock Mkt List (Formerly Govett Funds)

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Global Equity						
Global High Income	5½	$11.15	11.15	11.19	—	—
Dollar Cash	5½	$8.96	8.95	8.98	—	10.6
Japanese Smllr Cos	5	Y994	994	997	+0.01	3.00
Far East Equity	5½	$17.18	17.18	17.84	+15	0.00
US Smaller Cos	5½	$17.63	17.63	18.04	+0.09	1.00
European Equity	5½	DM13.40	13.40	13.55	+0.04	0.75
UK High Income	5	£5.58	5.58	5.81	-0.04	2.00

Initial charge may alter for sales in other jurisdictions

Bank Von Ernst & Cie AG - Contd.
International Sub-Funds

		Bid Price	Offer Price	+ or -	Yield Gr's
Global Equity	$-	10.86	-	+0.05	-
Global Bond	$-	11.99	-	-0.02	-
Global Bond Div	$-	10.50	-	-0.02	-
Global Managed	$-	10.07	-	+0.01	-

Banque Scandinave a Luxembourg SA
16 Boulevard Royal, L-2449, Luxembourg

[illegible]

JERSEY (REGULATED)(**)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

SWITZERLAND (SIB RECOGNISED)

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

MANAGED FUNDS NOTES

[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar/D-Mark remains soft

THE DOLLAR continued to come under pressure against the D-Mark yesterday, falling by more than a pfennig, as dealers took the view that the Bundesbank would not reduce its short-term interest rates later this week, *writes James Blitz.*

The dollar is in the midst of a downtrend, which has been triggered by the Bundesbank's intransigence in keeping monetary policy tight and by new signs of weakness in the US economy.

The fall has been striking. On Wednesday August 26, the dollar was trading at DM1.6680 against the D-Mark, shortly before the Bundesbank decided to keep its Discount rate unchanged at its last council meeting.

Yesterday it closed in London at DM1.6120, after dropping from a previous close of DM1.6225. The fall came despite the absence of the US on the Labour Day holiday.

The D-Mark was partly boosted by good figures for industrial output in western Germany for July, which showed a rise of 3.1 per cent, compared to a fall of 1.4 per cent in June.

The figure also underlined that the Bundesbank need not be too concerned about depressing the German economy if it keeps policy unchanged on Thursday.

Mr Brian Martin, an economist at Citibank in London, believes that the data coming out in the US this week are likely to underline the weakness that was seen in the non-farm payroll figures last Friday. He believes that the Tan Book and the producer prices figures for August will show that the economy is not recovering quickly.

Those who have always been pessimistic about the dollar/D-Mark rate are getting more so. Mr Marc Hendriks, head of interest rate research at Swiss Banking Corporation in London, believes that the dollar could find itself in a DM1.55 - DM1.58 trading range within the next four weeks – and perhaps even by next Monday. But he thinks little will now happen to the dollar until the Bundesbank meeting on Thursday.

The dollar was weaker against the yen, closing at Y104.20 from a previous Y105.00. But the mood among investors was more optimistic than the exchange rate move would suggest.

There were signs yesterday that the US and Japan were planning a plenary meeting in Washington on Thursday at which the framework for a new partnership could be worked out. The yen has made considerable ground in the past, as dealers have taken the view that the US sought a strong Japanese currency to reduce Tokyo's trade surplus.

In Europe, the French franc appreciated marginally to a close of FFr3.523 from a previous FFr3.525. The Belgian franc recovered to close at BFr21.62 from a previous BFr21.77. Sterling came under sharp pressure, closing at DM2.4625 from a previous DM2.4775.

£ IN NEW YORK

Sep 3	Close	Previous Close
£ Spot	1.5290-1.5310	1.5020 1.5030
1 month	0.35-0.34pm	0.36 0.35pm
3 months	1.02-1.00pm	1.01 1.00pm
12 months	3.09-3.02pm	3.00 2.95pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Sep 6	Previous
8.30 am	81.2	80.6
9.00 am	81.2	80.5
10.00 am	81.1	80.6
11.00 am	81.0	80.8
Noon	81.1	80.5
1.00 pm	81.1	80.6
2.00 pm	80.9	80.8
3.00 pm	80.9	80.8
4.00 pm	80.8	81.3

CURRENCY RATES

Sep 6	Bank § rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.938868	0.789710
US Dollar	3.00	1.40819	1.17858
Canadian $	4.67	1.86937	1.58044
Austrian Sch	6.25	16.3153	13.4005
Belgian Franc	6.00	50.0647	41.3446
Danish Krone	9.25	9.57780	7.86467
D-Mark	6.75	2.32013	1.90400
Dutch Guilder	6.75	2.60402	2.13712
French Franc	10	8.15412	6.71614
Italian Lira	9.00	2248.54	1858.68
Japanese Yen	2.50	148.775	123.280
Norway Krone	-	10.1277	8.31076
Spanish Peseta	-	189.824	155.749
Swedish Krona	11.50	N/A	9.33789
Swiss Franc	4.50	2.03737	1.67747
Greek Drach	19	N/A	270.979
Irish Punt	-	N/A	0.824067

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Sep. 3

CURRENCY MOVEMENTS

Sep 6	Bank of England Index	Morgan ** Guaranty Changes %
Sterling	80.8	-28.45
U.S Dollar	64.5	-12.40
Canadian Dollar	90.2	-11.55
Austrian Schilling	115.4	+17.22
Belgian Franc	110.8	-2.74
Danish Krone	111.6	+5.91
D-Mark	126.6	+34.25
Swiss Franc	115.6	+24.73
Dutch Guilder	121.1	+23.17
French Franc	106.5	-8.94
Lira	79.1	-35.98
Yen	183.4	+125.80
Peseta	67.2	-33.48

Morgan Guaranty changes: average 1980-1982=100. Bank of England (Base Average 1985=100) **Rates are for Sep. 3

OTHER CURRENCIES

Sep 6	£	$
Argentina	1.5310 - 1.5325	1.0005 - 1.0015
Australia	2.3625 - 2.3645	1.5445 - 1.5455
Brazil	151.085 - 151.090	98.7500 - 98.7510
Finland	8.7800 - 8.8425	5.7150 - 5.7350
Greece	347.300 - 354.350	227.050 - 231.850
Hong Kong	11.8570 - 11.8685	7.7440 - 7.7450
Iran	2305.00 - 2315.00	1582.00 - 1584.00
Korea(Sth)	1225.35 - 1245.10	804.40 - 810.80
Kuwait	0.45800 - 0.45900	0.29940 - 0.29990
Luxembourg	53.30 - 53.30	34.85 - 34.95
Malaysia	3.8945 - 3.9020	2.5450 - 2.5460
Mexico	4.7600 - 4.7630	3.1110 - 3.1130
N.Zealand	2.8035 - 2.8075	1.8325 - 1.8350
Saudi Ar	5.7395 - 5.7610	3.7495 - 3.7505
Singapore	2.4505 - 2.4565	1.6020 - 1.6030
S.Af (Cm)	5.1520 - 5.1630	3.3780 - 3.3795
S.Af (Fn)	7.2445 - 7.2600	4.7350 - 4.7450
Taiwan	41.15 - 41.30	26.90 - 27.00
U.A.E.	5.6165 - 5.6320	3.6715 - 3.6735

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Sep 6	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator‡
Dutch Guilder	2.19672	2.13712	-2.71	8.70	-
D-Mark	1.94964	1.90400	-2.34	8.29	-
Spanish Peseta	154.250	155.749	0.97	4.74	-7
Portuguese Escudo	192.854	196.234	1.75	3.93	-12
Irish Punt	0.809628	0.824067	1.91	3.77	-13
Belgian Franc	40.2123	41.3446	2.82	2.86	-21
French Franc	6.53883	6.71614	2.71	2.98	-23
Danish Krone	7.43679	7.86467	5.75	0.00	-39

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. ‡Indicative values only. Divergence indicators are based on 15% band limitations but do not show the 2.25% band between the Dutch Guilder and D-Mark.

POUND SPOT - FORWARD AGAINST THE POUND

Sep 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5255 - 1.5370	1.5265 - 1.5275	0.37-0.35cpm	2.83	1.05-1.02pm	2.71
Canada	2.0225 - 2.0400	2.0350 - 2.0360	0.26-0.18cpm	1.30	0.53-0.39pm	0.90
Netherlands	2.7585 - 2.7840	2.7550 - 2.7650	⅛-¼cdis	-0.82	¼-½dis	-0.54
Belgium	53.25 - 54.10	53.20 - 53.30	33-49cdis	-9.24	88-105dis	-7.25
Denmark	10.1420 - 10.2360	10.1375 - 10.1475	5½-6½oredis	-7.10	14⅝-16½dis	-6.14
Ireland	1.0610 - 1.0655	1.0665 - 1.0675	0.07-0.10cdis	-0.96	0.21-0.28dis	-0.92
Germany	2.4600 - 2.4835	2.4600 - 2.4650	⅛-¼pfdis	-0.91	⅛-½dis	-0.71
Portugal	252.80 - 257.95	252.80 - 253.80	117-130cdis	-5.85	326-363dis	-5.44
Spain	200.50 - 204.60	200.90 - 201.20	74-87cdis	-4.80	218-240dis	-4.56
Italy	2380.00 - 2434.10	2380.00 - 2381.00	7-8liredis	-3.78	19½-21½dis	-3.44
Norway	10.7000 - 10.8640	10.7000 - 10.7100	par-1oredis	-0.56	¼-2dis	-0.42
France	8.6650 - 8.7495	8.6725 - 8.6825	1⅛-1¾cdis	-2.16	3½-4⅛dis	-1.76
Sweden	12.0775 - 12.2530	12.0775 - 12.0875	1½-3¼oredis	-2.36	5¾-7½dis	-2.19
Japan	158.50 - 160.75	158.50 - 159.50	½-⅜ypm	3.30	1¼-1⅛pm	2.99
Austria	17.26 - 17.67	17.26 - 17.29	¼-1¾grodis	-0.87	2⅝-4½dis	-0.82
Switzerland	2.1625 - 2.1835	2.1625 - 2.1725	¼-⅛cpm	1.04	⅝-½pm	1.04
Ecu	1.3010 - 1.3110	1.3010 - 1.3020	0.24-0.29cdis	-2.44	0.62-0.69dis	-2.01

Commercial rates taken towards the end of London trading. Six-month forward dollar 1.89-1.83pm. 12 Month 3.32-3.22pm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Sep 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5255 - 1.5370	1.5265 - 1.5275	0.37-0.35cpm	2.83	1.05-1.02pm	2.71
Ireland†	1.4240 - 1.4385	1.4340 - 1.4350	0.47-0.43cpm	3.76	1.30-1.25pm	3.56
Canada	1.3215 - 1.3285	1.3275 - 1.3285	0.15-0.18cdis	-1.49	0.57-0.63dis	-1.81
Netherlands	1.8025 - 1.8160	1.8075 - 1.8085	0.53-0.56cdis	-3.62	1.49-1.55dis	-3.38
Belgium	34.75 - 35.30	34.85 - 34.95	32.00-37.00cdis	-11.86	85.00-95.00dis	-10.32
Denmark	8.6385 - 8.8775	8.6400 - 8.6450	5.20-5.70oredis	-8.85	14.30-15.40dis	-6.94
Germany	1.6060 - 1.6175	1.6115 - 1.6125	0.49-0.50pfdis	-3.68	1.39-1.41dis	-3.47
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. † UK, Ireland and Ecu are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls October	Calls December	Calls March	Puts October	Puts December	Puts March
120	-	3.38	-	-	0.18	-
121	-	-	-	0.05	0.31	-
122	-	1.79	-	0.11	0.55	-
123	0.71	1.19	-	0.41	0.92	0.49
124	0.27	0.72	-	-	-	-
Open Int	49,356	158,909	25,550	31,968	145,516	17,758

Estimated volume 64,456 † Total Open Interest 427,339
† All Yield & Open Interest figures are for the previous day.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5270	1.5234	1.5166	1.5084	1.4943

BASE LENDING RATES

	%		%		%
Adam & Company	6	Cyprus Popular Bank	6	Mount Banking	6
Allied Trust Bank	6	Duncan Lawrie	6	NatWestminster	6
AIB Bank	6	Equatorial Bank plc	6	Nykredit Mortgage Bnk	8.5
●Henry Ansbacher	6	Exeter Bank Limited	7	●Rea Brothers	6
B & C Merchant Bank	13	Financial & Gen Bank	7	* Roxburghe Bank Ltd	8
Bank of Baroda	6	●Robert Fleming & Co	6	* (in administration)	
Banco Bilbao Vizcaya	6	Girobank	6	Royal Bk of Scotland	6
Bank of Cyprus	6	●Guinness Mahon	6	●Smith & Williamson Secs	6
Bank of Ireland	6	Habib Bank AG Zurich	6	Standard Chartered	6
Bank of India	6	●Hambros Bank	6	TSB	6
Bank of Scotland	6	Heritable & Gen Inv Bk.	6	●United Bk of Kuwait	6
Barclays Bank	6	●Hill Samuel	6	Unity Trust Bank Plc	6
Brit Bk of Mid East	6	C. Hoare & Co	6	Western Trust	6
●Brown Shipley	6	Hongkong & Shanghai	6	Whiteaway Laidlaw	6
CL Bank Nederland	6	Julian Hodge Bank	6	Wimbledon & Sth West	7
Citibank NA	6	●Leopold Joseph & Sons	6	Yorkshire Bank	6
City Merchants Bank	6	Lloyds Bank	6		
Clydesdale Bank	6	Meghraj Bank Ltd	6		
The Co-operative Bank	6	McDonnell Douglas Bk.	6		
Coutts & Co	6	Midland Bank	6		
Credit Lyonnais	6				

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MONEY MARKETS

D-Mark is ignored

GERMAN interest rate dealers continued to take the view that the Bundesbank would leave interest rates unchanged at this week's council meeting despite the D-Mark's powerful performance against the dollar, *writes James Blitz.*

Mr Hans Tietmeyer, the Bundesbank president-elect said recently that a strengthening D-Mark would be of concern to German exporters, given the already dilapidated state of the European economy.

Concerns about the D-Mark may have encouraged some dealers to take the view that interest rates would come down this week, and the September Euromark contract rose 2 basis points to close at 93.52.

UK clearing bank base lending rate
? per cent
? from date

But, at this level, dealers are still expecting 3-month D-Marks to be at 6.48 per cent when the contract matures in around a week's time. And that is barely different from yesterday's D-Mark cash level of 6.53 per cent.

Some analysts believe that this week's meeting will be the last opportunity for official rates to come down for six weeks. The meeting in 2½ week's time will be Mr Helmut Schlesinger's last as Bundesbank president and the one after that will be Mr Tietmeyer's first. Mr Adrian James, an economist at NatWest Markets in London, said the central bank would probably not want to change rates at either session.

In any case, none of the factors which could bring a cut are in place. Core inflation is unlikely to come below 4 per cent until next month. New agreements are still being negotiated on the German budget. And negotiations are about to get underway on the next wage round.

Miss Alison Cottrell, an economist at Midland Global Markets, believe all these factors point to a cut of 50 basis points at the meetings on October 21st or November 4th at the very earliest.

In London, the Bank of England again forecast a large daily shortage, this time of £1.35bn. On this occasion, £1.1bn of the shortage was removed in the early round of trading, bringing the overnight rate down to a low of 4 per cent.

Sterling interest rate futures were depressed by another poor performance from the currency. The September short sterling contract fell 2 basis points to close at 94.08. The December contract fell 5 basis points to close at 94.44.

FT LONDON INTERBANK FIXING

(11.00 a.m. Sep 6)	3 months US dollars		6 months US Dollars
bid 3 1/16	offer 3 1/16	bid 3 3/16	offer 3 3/16

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

4pm Sept.3					
Prime rate	6	One month	2.82	Three year	4.02
Broker loan rate	5	Two month	2.97	Five year	4.64
Fed.funds	2 15/16	Three month	3.00	Seven year	4.88
Fed.funds at intervention	-	Six month	3.12	10-year	5.30
		One year	3.25	30-year	5.94
		Two year	3.71		

Sep 6	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	6.75-6.85	6.75-6.85	6.60-6.75	6.45-6.55	6.25-6.40	7.75
Paris	7 1/16-7 3/16	7.65-7.95	-	7.30-7.60	-	6.75
Zurich	4¾-5	4¾-4⅞	-	4⅝-4¾	-	-
Amsterdam	-	-	-	-	-	-
Tokyo	2 15/16-3	-	-	-	-	-
Milan	9 1/16-9 1/2	9⅜-9⅝	-	9 5/16-9 7/16	-	-
Brussels	12½-13¼	14-14½	-	12⅜-12⅝	-	-
Dublin	6⅝-6¾	6⅝-6¾	6½-6⅝	6½-6⅝	6⅜-6½	-

LONDON MONEY RATES

[illegible]

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

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WORLD STOCK MARKETS

AUSTRIA; BELGIUM/LUXEMBOURG; DENMARK; FINLAND; FRANCE; FRANCE (continued); GERMANY (continued); ITALY; NETHERLANDS; NETHERLANDS (continued); NORWAY; SPAIN; SWEDEN; SWEDEN (continued); SWITZERLAND; SOUTH AFRICA; JAPAN; AUSTRALIA (continued); HONG KONG; MALAYSIA; SINGAPORE [illegible]

CANADA

TORONTO

Sep 3 (closed Sep 6)

Quotations in cents unless marked $

[illegible]

133200	Cascades	$5½	5¼	5½
245	Celanese	$55¼	55¼	55¼
4701	CntCpital	14	d13	14
27300	Cinepx Odn	335	325	330
8200	Cntrl Fd A	$6⅜	6⅛	6¼
41850	Cominco	$16½	16⅜	16½
38150	Copatalog	310	300	310
44300	Corel Sys	$38	37	37¾
4100	CoscanDev	165	150	165
1000	KerrAddis	$21	21	21
640738	Labatt	$23⅜	23	23⅜
551205	Lac Minls	$11¾	11⅜	11⅝
943	Lafarge	u$24½	24¼	24½
7045	Laidlaw A	$9¼	9⅛	9⅛
109350	Laidlaw B	$9¼	9	9
1600	Laurent Bk	$17½	17⅜	17⅜
1200	Laurent Gp x	$8¾	8¾	8¾
84274	RogersComB	$21¼	21⅛	21⅛
1500	Rothmans x	$101	100⅞	101
568541	RoyalBkCan	$27½	27	27¼
318200	Ryl Oak Mn	$5⅞	5⅜	5½
3800	StLawrCm A	$7¼	7¼	7¼
84622	SceptreRs	$13	12⅝	13
12100	ScottPaper	$10⅛	10⅛	10⅛
47134	Scotts Hos	u$10½	10⅜	10½
91789	NatBk Can	$10¼	10⅛	10¼
100	Quebecor A	$19½	19½	19½
8100	Teleglobe	$16½	16⅜	16⅜
57904	Unive	$8¼	8	8⅛
10835	Videotron x	$24½	24¼	24⅜

Total Sales 18,527,391 shares

MONTREAL

Sep 3 (closed Sep 6)

[illegible]

INDICES

NEW YORK

DOW JONES	Sep 3	Sep 2	Sep 1	Aug 31	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3633.93	3626.10	3645.10	3651.25	3652.09 (25/8)	3241.95 (20/1)	3652.09 (25/8/93)	41.22 (2/7/32)
Home Bonds	109.24	109.35	109.39	109.34	109.45 (30/8)	103.49 (11/1)	109.45 (30/8/93)	54.99 (1/10/81)
Transport	1623.86	1631.98	1650.78	1665.53	1683.08 (16/4)	1453.84 (4/1)	1683.08 (16/4/93)	12.32 (8/7/32)
Utilities	254.55	253.63	255.34	256.46	256.46 (31/8)	217.14 (8/1)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Indl. Day's High 3651.53 (3669.19) Low 3603.75 (3610.17) (Theoretical♣)
Day's High 3638.12 (3648.49) Low 3616.86 (3623.59) (Actual♣)

STANDARD AND POOR'S

	Sep 3	Sep 2	Sep 1	Aug 31	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	461.34	461.30	463.15	463.56	463.56 (31/8)	429.05 (8/1)	463.56 (31/8/93)	4.40 (1/6/32)
Industrials♥	521.83	522.17	524.10	524.47	524.99 (10/3)	496.48 (26/4)	524.99 (10/3/93)	3.62 (21/6/32)
Financial	46.97	46.81	47.05	47.11	47.11 (31/8)	39.99 (8/1)	47.11 (31/8/93)	8.64 (1/10/74)
NYSE Composite	256.22	256.11	256.88	256.88	256.88 (31/8)	236.21 (8/7)	256.88 (31/8/93)	4.46 (25/4/42)
Amex Mkt. Value	461.57	461.28	458.97	458.80	461.57 (3/9)	395.84 (8/7)	461.57 (3/9/93)	29.31 (9/12/72)
NASDAQ Composite	748.71	748.65	746.15	742.86	749.71 (3/9)	645.87 (26/4)	749.71 (3/9/93)	54.87 (31/10/72)

	Sep 3	Aug 27	Aug 20	year ago (approx.)
Dow Industrial Div. Yield	2.80	2.80	2.82	3.15
	Sep 1	Aug 25	Aug 18	year ago (approx.)
S & P Industrial div. yield	2.45	2.46	2.48	2.83
S & P Indl. P/E ratio	28.07	27.86	25.60	27.52

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
ADV Micro	4,113,300	29¼	- 1¼
Wal-Mart	3,603,300	24½	- ¼
Merck	3,432,400	33	- ⅛
RJR Nabisco	2,055,000	5	+ ⅛
Chrysler	1,784,700	42	- ¼
Gen Motors	1,768,100	44⅞	- ¼
Fed Dept Sto	1,704,300	20⅞	+ ⅜
Sunshine Min	1,678,800	2⅝	- ⅛
K-Mart	1,568,100	22⅞	- ¼
Am Barrick	1,530,700	24	- ½

TRADING ACTIVITY

† Volume (Millions)	Sep 3	Sep 2	Sep 1
New York SE	165.917	259.684	244.963
Amex	16.845	22.133	17.265
NASDAQ	(u)	294.779	281.360
NYSE			
Issues Traded	2,615	2,614	2,599
Rises	1,028	936	1,009
Falls	891	1,020	926
Unchanged	696	658	654
New Highs	161	159	176
New Lows	12	10	9

CANADA

TORONTO	Sep 3	Sep 2	Sep 1	Aug 31	1993 HIGH	1993 LOW
Metals & Minerals	3105.51	3115.22	3121.13	3109.19	3140.94 (16/8)	2743.31 (21/1)
Composite	4125.60	4137.09	4143.70	4137.60	4143.70 (1/9)	3275.80 (21/1)
MONTREAL Portfolio	1955.22	1957.40	1963.55	1958.99	1963.55 (1/9)	1720.97 (21/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♣ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

	Sep 6	Sep 3	Sep 2	Sep 1	1993 HIGH	1993 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1982.5	1952.0	1988.4	1977.1	1977.10 (1/9)	1495.09 (13/1)
All Mining (1/1/80)	850.3	851.8	868.9	878.5	904.50 (2/8)	584.70 (13/1)
AUSTRIA						
Credit Aktien (30/12/84)	401.47	402.25	400.58	401.79	403.05 (31/8)	300.28 (14/1)
Traded Index (2/1/91)	1019.13	1018.98	1015.19	1014.31	1019.13 (6/9)	712.08 (15/1)
BELGIUM						
BEL20 (1/1/91)	1341.52	1350.64	1315.50	1317.38	1365.70 (12/8)	1125.46 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	334.78	335.32	337.22	334.82	340.58 (19/8)	281.80 (4/1)
FINLAND						
HEX General (28/12/90)	1361.5	1371.3	1375.4	1416.0	1492.90 (19/8)	843.10 (22/1)
FRANCE						
CAC General (31/12/81)	588.51	595.32	593.90	600.39	600.51 (31/8)	471.24 (13/1)
CAC 40 (31/12/87)	2157.98	2155.09	2185.12	2191.93	2216.49 (31/8)	1772.21 (28/1)
GERMANY						
FAZ Aktien (31/12/58)	736.02	743.36	739.68	744.58	746.41 (31/8)	588.92 (14/1)
Commerzbank (1/12/53)	2098.3	2120.3	2108.7	2122.7	2128.60 (31/8)	1694.30 (14/1)
DAX (30/12/87)	1918.28	1925.16	1925.82	1918.58	1944.69 (31/8)	1516.50 (13/1)
HONG KONG						
Hang Seng Bank (31/7/64)	7619.66	7512.13	7493.45	7542.19	7606.26 (19/8)	5437.80 (4/1)
IRELAND						
ISEQ Overall (4/1/88)	1735.25	1740.44	1740.72	1740.02	1754.84 (19/8)	1191.19 (11/1)
ITALY						
Banca Com. Ital. (1972)	616.90	628.95	620.69	625.67	632.86 (30/8)	448.33 (8/1)
MIB General (4/1/93)	1357.0	1383.0	1365.0	1376.0	1390.00 (30/8)	992.00 (11/1)
JAPAN						
Nikkei (16/5/49)	21060.81	21116.21	20983.20	20953.30	21116.21 (3/9)	16287.45 (25/1)
Tokyo SE (Topix) (4/1/68)	1696.91	1698.67	1693.98	1689.41	1698.67 (3/9)	1250.06 (25/1)
2nd Section (4/1/68)	2281.65	2270.25	2268.58	2260.25	2384.97 (7/6)	1651.72 (26/1)
MALAYSIA						
KLSE Composite (4/4/86)	848.40	851.43	851.16	821.04	851.43 (3/9)	614.28 (13/1)
NETHERLANDS						
CBS Tt.Rtn.Gen.(End 1983)	376.2	375.3	380.7	382.5	385.20 (31/8)	295.70 (4/1)
CBS All Shr (End 1983)	245.9	245.8	249.4	250.5	252.30 (31/8)	198.60 (13/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	922.74	934.47	927.41	927.40	979.17 (13/8)	669.93 (27/1)
PHILIPPINES						
Manila Comp (2/1/85)	1877.11	1877.75	1842.72	1827.20	1877.75 (3/9)	1270.68 (4/1)
SINGAPORE						
SES All-Singapore (2/4/75)	519.49	518.08	512.14	509.43	519.49 (6/9)	394.10 (13/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1653.0♥	1645.0	1722.0	1752.0	2098.00 (30/7)	775.00 (5/1)
JSE Industrial (28/9/78)	4590.0♥	4599.0	4620.6	4627.0	4719.00 (6/7)	4333.00 (19/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	675.77	680.36	678.03	674.85	777.25 (9/6)	605.93 (6/3)
SPAIN						
Madrid SE (30/12/85)	292.88	294.36	298.31	295.09	304.86 (30/8)	215.60 (4/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1290.7	1282.7	1273.9	1262.1	1333.10 (18/8)	879.10 (28/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	1043.2	1062.1	1066.0	1064.9	1077.90 (25/8)	804.80 (11/1)
SBC General (1/4/87)	824.4	839.2	844.8	848.0	854.70 (25/8)	678.70 (11/1)
TAIWAN**						
Weighted Price (30/6/66)	3815.54	3817.12	3882.70	3859.09	5013.28 (7/4)	3088.43 (9/1)
THAILAND						
Bangkok SET (30/4/75)	989.45	991.32	987.11	978.91	998.44 (25/1)	818.84 (1/6)
WORLD						
M.S. Capital Intl.(1/1/70) $	605.1*	600.8	600.2	602.0	605.10 (6/9)	488.58 (13/1)
Euro Top-100 (26/6/90)	1109.34	1120.81	1119.85	1119.98	1133.15 (30/8)	882.73 (13/1)

**Saturday September 4: Taiwan Weighted Price; 3855.38, Korea Comp Ex; 675.66.
♥ Subject to official recalculation.
*Calculated at 15.00 GMT.

Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX – 1,000. JSE Gold – 255.7, JSE 20 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable

TOKYO - Most Active Stocks

Monday, September 6, 1993

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Sankyo	4.6m	2,860	+10	Ajinomoto	2.6m	1,470	+30
Hitachi	3.8m	883		Marubeni	2.5m	539	+2
Nikkatsu	3.3m	27	-2	Kawasaki Hvy Ind.	2.1m	423	+3
Nippon Steel	3.2m	367	+3	Mitsubishi Mtrl	2.0m	492	-7
Olympus Optical	2.8m	1,160	-100	Kirin Brewery	2.0m	1,290	+30

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FINANCIAL TIMES

FAR MORE THAN FINANCE.

EUROPE

Mixture of responses to absence of Wall St

EUROPEAN bourses traded moderately in the absence of Wall Street yesterday, writes Our Markets Staff.

STOCKHOLM saw Volvo Bs fall SKr7 to SKr483 after the announcement of its merger with Renault, the French car group. The shares had been suspended for most of the day ahead of the long-awaited announcement and were only traded in the last 45 minutes of the session and initially gained ground to SKr500, a year's high.

The Affärsvärlden general index closed up 8.00 at 1,290.7 in turnover of SKr1bn.

FRANKFURT lost a lot of ground on the weaker dollar, *with the DAX index shedding* 14.88 to 1,910.28 in turnover down to DM5.3bn from Friday's DM8.6bn.

Among those sectors suffering were cars, chemicals, and steel. Volkswagen, lost DM7.70 or 2 per cent to DM372.00 in *reaction to weekend news of* losses at Seat, its Spanish subsidiary.

The markets in the US and Canada were closed yesterday for Labor Day.

Banks remained resilient to deeper weakness: Deutsche off DM4.50 at DM783.00, Commerzbank down DM2.50 at DM316.50 and Dresdner off 50 pfgs at DM419.

Daiwa's research team has recently rated the European banking sector a hold given good double digit profit growth *in 1993 and further improve*ment expected in 1994.

PARIS closed slightly higher in subdued trading. The CAC-40 index added 1.87 to 2,157.96 in turnover of FFr2.8bn.

Among the day's gainers was Carrefour up FFr55 at FFr3,080 as the group, reporting first *half figures, said that it expec*ted a rise in full year profits.

MILAN was dominated by profit-taking pressure on Fiat and the Comit index shed 12.05 or 1.9 per cent to 616.90.

Fiat fell L338 or 4.9 per cent to L6,587. Analysts attributed the decline to futures-related trading ahead of Friday's options expiry, continuing speculation of a large capital rise, and disappointment at the absence of an announcement by the end of August to resolve the long running speculation about an international alliance or asset sale.

Mediobanca shed L617 to L17,298 with news of its call to investors for fresh funds coming late in the day.

Against the trend Ferruzzi rose L34 to L374.5 amid talk of stake building ahead of the announcement, expected later this month, of a rescue package being put together by cred*itors.*

ZURICH succumbed to a round of profit-taking which left the SMI index 42.6 or 1.9 per cent lower at 2,392.2.

Virtually all the recent strong performers were affected. Roche certificates shed SFr115 to SFr4,490 while Nestlé ended SFr14 lower at SFr1,063.

Bank shares were lower but *off their worst for the day. UBS* fell SFr28 to SFr1,127, CS Holding SFr65 to SFr2,830 and SBC SFr10 to SFr452. Smith New Court in London notes that while the stocks have performed strongly in recent months, they are currently no more expensive than they were a year ago following recent result-led earnings upgrades.

BRUSSELS fell back on profit-taking after strong gains on Friday when the market gained ground on expectations *of an imminent devaluation of* the currency. The Bel-20 index closed down 9.12 at 1,341.52 in turnover estimate at BFr1.6bn.

AMSTERDAM closed moderately lower, the CBS Tendency index off 0.4 at 127.3 with Ahold down Fl 1.50 at Fl 93.00 ahead of today's second quarter figures.

WARSAW stocks leapt by *their daily 10 per cent limit as* the WIG index jumped 667.2 or *9.7 per cent to 7,561 in record* turnover of 1,350bn zloty.

FT-SE Actuaries Share Indices

September 6								THE EUROPEAN SERIES
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1285.07	1283.79	1282.80	1282.23	1283.23	1282.92	1283.86	1284.01
FT-SE Eurotrack 200	1376.51	1374.38	1372.48	1371.67	1373.43	1370.93	1371.65	1371.90

	Sep 3	Sep 2	Sep 1	Aug 31	Aug 27
FT-SE Eurotrack 100	1293.60	1302.75	1305.63	1319.96	1308.15
FT-SE Eurotrack 200	1384.27	1385.48	1385.51	1396.45	1397.66

Base value 1000 (26/10/90) Highday: 100 - 1285.07; 200 - 1377.06 Lowday: 100 - 1281.49 200 - 1370.53

Europe, Pacific Rim markets break records

By John Pitt

Plenty of records were broken last week, particularly among markets on the Pacific Rim, while spe*cial situations boosted activity* in Tokyo.

In continental Europe records were set on Tuesday in Germany, France and the Netherlands, although activity weakened thereafter, leaving the FT-Actuaries European component of the World index down almost 1 per cent on the week.

The World index gained 0.5 percentage points in local currency terms last week.

Mr Michael Woodcock of Nikko Europe comments that the French equity market has risen by 17.5 per cent in the last three months, and is sell*ing on a p/e of 23.9 times 1993* earnings, compared with 15.7 *times for the UK and 26 times* for Germany.

He adds that "US investors remain overweight in French equities, but the domestic press is increasingly uneasy about the level of the market in the absence of an interest rate cut".

Indeed, the absence of a rate cut in France was one reason for the decline in the market, as some investors had been hoping for the Bank of France to make an announcement as early as last Monday. Another *contribution to the fall back in* Paris was a spate of disappointing interims from, *among* others, Elf Aquitaine, Rhône Poulenc and Club Med.

This Thursday sees another Buba meeting, and the markets will be hoping for a slight easing in interest rates. The UBS Global research team are not alone in forecasting a cut of 50 basis points in official rates on Thursday.

"While German domestic monetary conditions have hardly changed dramatically since the last [Buba] meeting, *the D-Mark's strength and Mr* Otmar Issing's soothing mes*sage on inflation will tip the* balance in favour of an easing move," writes *UBS in their lat*est strategy document.

The research team at UBS also notes that "those inclined to abandon the turmoil of Europe and switch into Japan would be wise to note that in dollar terms Japan has risen 50 per cent this year, and Europe less than 20 per cent".

If monetary easing is accelerated, they add, then European markets are likely to advance whereas Japan's upside is limited.

Spain was one of the world's worst performing *markets last week: after* seeing a record high on Monday, *the index retreated* sharply over the next four days and did not respond at all to Friday's interest rate cut.

In Asia there was an impressive performance from Malaysian equities, while Singapore also hit a succession of record highs during the week.

The recent dynamism of Malaysia has as much to do with *the impressive strength* of the economy – 1993 GDP *growth forecast at 8.6 per cent* and inflation expected to fall from *4.5 per cent to 4.0 per* cent by the end of 1994 – as with high liquidity and expectations of sharp falls in interest rates.

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1993	Start of 1993	Start of 1993
Austria	+1.45	+3.72	+36.51	+28.55	+25.42	+26.46
Belgium	+1.68	-0.56	+28.54	+20.49	+12.40	+13.32
Denmark	+1.09	+4.68	+33.50	+32.03	+22.54	+23.56
Finland	-4.39	+0.63	+168.45	+70.61	+51.28	+52.54
France	-1.16	+0.72	+22.53	+19.00	+13.96	+14.89
Germany	+0.98	+2.70	+25.14	+24.00	+22.75	+23.77
Ireland	-0.65	+1.78	+42.84	+44.15	+25.49	+26.52
Italy	-1.84	+5.81	+91.88	+52.67	+40.55	+41.70
Netherlands	-1.38	+3.05	+27.33	+22.84	+21.56	+22.56
Norway	-0.15	+3.95	+53.37	+31.95	+27.38	+28.42
Spain	-2.73	+6.42	+39.20	+37.88	+17.74	+18.71
Sweden	+1.42	+2.28	+62.89	+28.63	+12.75	+13.67
Switzerland	-1.28	+0.53	+36.45	+19.16	+21.15	+22.15
UK	-1.39	+2.77	+32.59	+9.39	+9.39	+10.29
EUROPE	-0.90	+2.57	+33.63	+18.74	+15.85	+16.81
Australia	+0.52	+5.59	+23.04	+21.05	+12.81	+13.73
Hong Kong	+1.26	+0.44	+26.38	+33.95	+32.71	+33.80
Japan	+1.76	+2.51	+20.33	+28.68	+51.75	+53.00
Malaysia	+4.80	+12.02	+75.86	+51.38	+53.91	+55.16
New Zealand	-0.20	+6.09	+42.47	+33.69	+40.43	+41.59
Singapore	+1.62	+10.12	+51.38	+32.97	+34.79	+35.91
Canada	+0.04	+4.20	+10.20	+14.74	+8.67	+9.77
USA	+0.23	+2.76	+10.72	+5.88	+5.01	+5.88
Mexico	-0.11	+7.29	+37.71	+6.67	+6.06	+6.94
South Africa	-2.11	-3.47	+24.50	+24.32	+26.02	+27.06
WORLD INDEX	+0.47	+2.70	+20.12	+16.38	+20.74	+21.74

† Based on September 3rd 1993. Copyright, The Financial Times Limited, Goldman, Sachs & Co.,and NatWest Securities Limited.

Israel soars on peace prospects

Julian Ozanne in Jerusalem reports on the rally in equities

Israeli optimism about an imminent *Middle East* peace agreement, coupled with favourable economic indicators, has sent stocks soaring on the Tel Aviv stock exchange to record highs.

The Mishtanim 100 blue chip share index closed yesterday at 229.04 – up 1.9 per cent over *Sunday's close, continuing an* massive upward trend.

Since the revelation of an Israeli-Palestinian peace agreement eight days ago the Mishtanim index has climbed nearly 28 points from 201.09 on Sunday August 29, a cumulative increase of more than 13 per cent. The MOAF options index of the leading 25 compa*nies has climbed even higher* during the same period, up almost 34 points from 198.22 to 232.09 at yesterday's close, a rise of 17 per cent.

The TASE has also experienced record volumes with trading on Sunday reaching an all-time high of Shk410m. Mutual funds have been leading the trading surge with huge stock purchases.

"What we are seeing is the reaction to the optimistic view of people in Israel about the economic aspects about peace," said Ms Hanna Pri-zan, the *head of Bank Hapoalim securi*ties. "The whole region is *going to change.*

"Although the market started in a little profit-taking yesterday, soon people decided they want to be in, not out and they are ready to pay."

Apart from optimism about peace, the market is also responding, say analysts, to expectations of higher economic growth in the last two quarters of 1993 and falling interest rates. Investors also expect better corporate results in the last two quarters

Market analysts expect the surge to continue with a knock-on effect in the medium and small companies in coming days.

Ms Pri-zan said investors, including foreign buyers, expected an imminent economic dividend from the peace *agreement in vastly expanded* trade with Arab countries, *massive foreign investment in* new projects and regional integration in fields like tourism.

"People waited to get in the market until they were sure that Syria, Jordan and the Gulf states were behind the peace process," *she said.* "If you go through the sectors of the economy almost every field, except high technology defence, is going to improve under peace – agriculture, telecommunications, infrastructure – and it is possible that Israel will become a financial sector for the Middle East."

Apart from optimism about peace, *the market is* also responding, say analysts, to expectations of higher economic growth in the last two quarters of 1993 and falling interest rates. Investors also expect better corporate results in the last two quarters of 1993, partly as a result of improvement in the bond market in which many Israeli companies have invested heavily. The market has also seen several extremely successful flotations of shares in large companies, like the recent placing of 20 per cent of Bank Leumi.

Brazilian equities up 3.8 per cent

BRAZILIAN shares were 3.7 per cent higher at midsession *in light trade as investors con*tinued to buy telecom, utility *and steel sectors.*

The Bovespa index was up 418 at 11,602.

State power utilities were strong on hopes that the sector will be the next one to be privatised. Mr Fernando Henrique Cardoso, the economy minister, said in a recent *interview that he would* announce changes to the privatisation programme later this month. Analysts expect the minister to include the government's outstanding social security debts as a means of payment in the privatisation auctions.

Mr Cardoso has also said that he is planning to accept outstanding debt owed by the federal government to the electrical firms (CRC) in the privatisation auctions of the sector.

ASIA PACIFIC

Singapore sees fourth consecutive record close

Tokyo

PRICES were depressed by some late institutional selling and the Nikkei average lost some ground after its advances *of the previous two sessions, writes Emiko Terazono in Tokyo.*

The 225-issue average, which hit a high for the year on Friday, fell 55.40 to 21,060.81. Growing hopes of a cut in the official discount rate pushed the index up to the day's high of 21,349.92 in the morning session. However, it fell back dur*ing the final hour of trading,* registering the day's low of 21,055.91 just before the close.

Volume totalled 250m shares, against 471m. Overall rises held a narrow lead over declines by 499 to 472, with 220 issues unchanged, but the Topix index of all first section stocks shed 1.76 to 1,696.91. In London the ISE/Nikkei 50 *index firmed 1.90 to 1,301.44.*

Weekend reports of an imminent discount rate cut prompted arbitrage buying while purchases by overseas investors supported prices. However, domestic institutions, including life assurers and corporations, took profits.

Traders said that many investors remained on the side*lines ahead of the Bank of* Japan's *tankan*, or the quarterly report on business sentiment, which is scheduled to be released on Friday and is expected to be followed by an easing of monetary policy.

Pharmaceuticals and biotechnology-related issues were popular ahead of a spate of medical conferences. Sankyo, the most active issue of the day, *rose Y10 to Y2,860 and* Daiichi Pharmaceutical gained Y20 to Y1,730.

Food shares were also higher with Ajinomoto adding Y30 to Y1,470 and Kirin Brewery up Y30 to Y1,290.

Banks faced profit-taking. Industrial Bank of Japan fell *Y10 to Y3,540 and Mitsubishi* Bank fell Y30 to Y2,940. Profit*taking also hit high-technology* issues. Toshiba fell Y6 to Y707 and Olympus Optical lost Y100 to Y1,180.

DDI, the long distance telecom company which listed on the second section of the Tokyo stock exchange, rose Y420,000 to Y5.8m. However, Nippon Telegraph and Telephone, fell for the third consec*utive day, losing Y6,000 to* Y949,000.

In Osaka, the OSE average rose 24.70 to 23,060 in volume of 24m shares.

Roundup

THE Pacific Rim saw some pos*itive performances.*

SINGAPORE continued its *record-setting run, the Straits* Times Industrial index adding 3.69 for a fourth consecutive closing high of 2,045.36. Late profit-taking had brought the index back from an intra-day record 2,055.59.

HONG KONG erased morning losses and closed slightly higher, shrugging off renewed signs of friction between China and Britain. However, trade *was sluggish and the Hang* Seng index ended 7.53 higher *at 7,519.66, after falling around* 30 points earlier. Turnover was a thin HK$2.96bn.

Overseas demand for Hutchison lifted the stock by 20 cents to HK$24.30, while HSBC Holding held steady at HK$82.50 after late buying erased an early decline of 50 cents.

AUSTRALIA picked up *after* Friday's fall, helped by a more stable local currency and some renewsed foreign demand. The All Ordinaries index closed 10.5 higher at 1,962.5 in light turnover of A$267m. News Corp was 36 cents higher at A$10.56, off highs of A$10.64, while BHP *jumped 20 cents to A$16.00 and* Email rose 25 cents to A$4.46.

BOMBAY was hit by a new crisis triggered by fallout from *the year-old securities scandal* and the BSE-30 index fell 42.86 to 2,621.20. Prices fell after the income tax authorities said they had confiscated a large number of shares of Associated Cement which a broker had placed with proxies.

TAIWAN closed at a six*month low in sluggish trade as* hopes faded for a looser central bank monetary policy. The weighted index slumped 40.76 to 3,815.54.

S Africa mixed in low volume

SHARES closed mixed after a day of low volume.

The gold index ended 8 higher at 1,653, helped by the *stronger bullion price of* $364.90 an ounce in London.

Industrials lost 11 to 4,588 and the overall index was 4 lower at 3,951.

De Beers eased 25 cents to R85.75 while Anglos shed R1 to R133.50.

Richemont lost 10 cents *to* R43.65.

Johnnies shed 50 cents ahead of today's *annual* results, while Lonrho gained *25 cents to R9.10.*

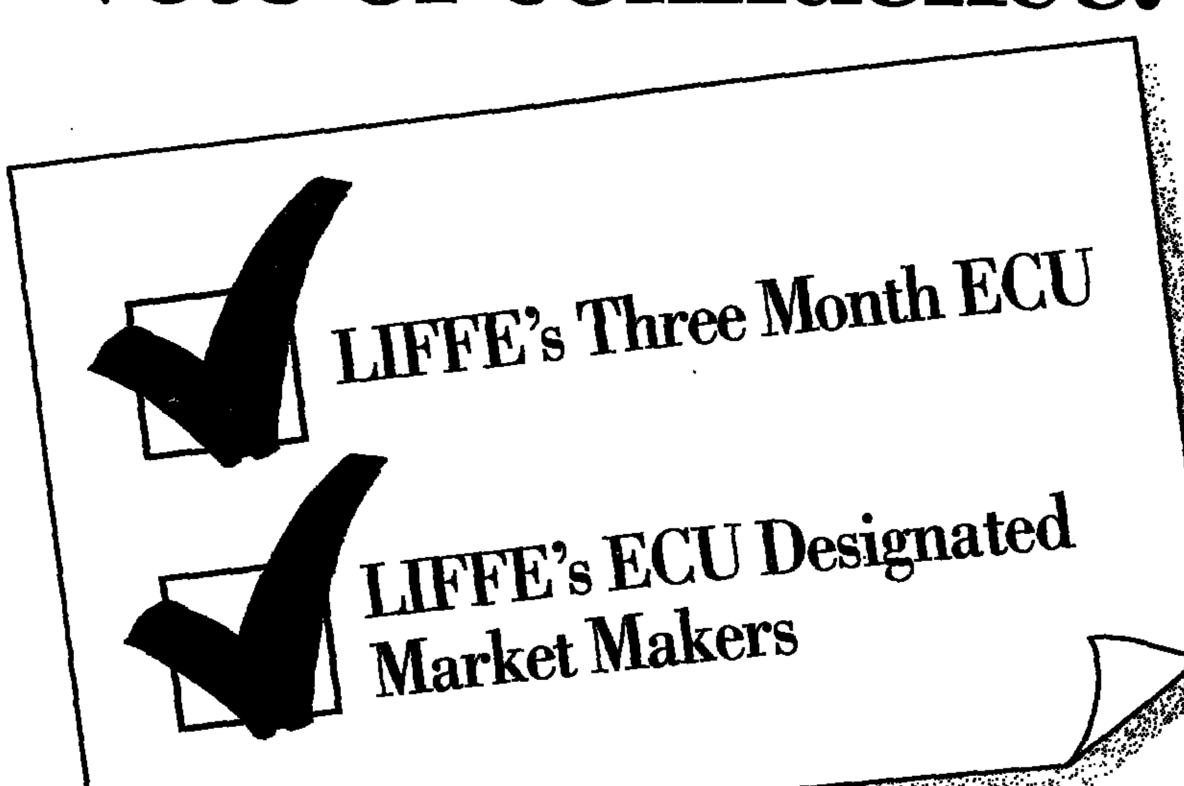
Vaal Reefs R3 to R3.29 but Kloof rose 50 cents to R42.75.

Southvaal added R1 to R119.

Oil companies gained on news of a petrol price increase: Sasol added 25 cents to R19.75 and Engen added 25 *cents to* R37.25.

Among industrial shares, Barlow Rand was unchanged at *R41.25 while South African* Breweries was down 50 cents to R62.50.

Thanks for the vote of confidence.



We've received two big ticks from investors *over the last year.*

The first is for the Three Month ECU futures contract itself. In the twelve months to June 1993, open interest is up 187% and volume 165%.

LIFFE's designated market maker scheme for the Three Month ECU contract has also worked very well, and has been one of the major reasons for this spectacular growth, together with LIFFE members' growing involvement in the contract.

The six major institutions listed below ensure liquidity on request as designated market makers, and have renewed – indeed strengthened – that commitment.

For further details on the ECU contract, the designated market maker scheme, the new commitment and a list of members who actively broke the contract, please contact LIFFE's Business Development Department.

The following will continue to ensure liquidity as designated market makers for the Three Month ECU:

First Chicago Futures Inc
(acting on behalf of First National Bank of Chicago)

Istituto Bancario San Paolo di Torino S.p.A.

Kredietbank N.V.

Midland Global Futures/Div Midland Bank Plc
(acting on behalf of Hong Kong & Shanghai Banking Corporation)

NatWest Futures Limited
(acting on behalf of National Westminster Bank Plc)

UBS Futures & Options Limited
(acting on behalf of Union Bank of Switzerland)

LIFFE

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FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY SEPTEMBER 3 1993								THURSDAY SEPTEMBER 2 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993 High	1993 Low	Year ago (approx)
Australia (69)	142.30	-3.5	138.21	94.45	120.04	146.47	-0.9	3.48	147.50	145.70	98.69	126.46	147.87	148.84	117.39	129.10
Austria (17)	177.24	+1.0	172.14	117.64	149.51	150.90	+0.3	1.29	175.47	173.32	117.41	150.44	150.47	177.24	131.16	152.79
Belgium (42)	150.98	+2.1	146.64	100.20	127.36	131.62	+1.8	4.35	147.84	146.03	98.91	126.74	129.25	156.76	131.19	144.83
Canada (107)	126.94	-0.5	123.29	84.25	107.07	122.16	-0.4	2.78	127.59	126.03	85.37	109.38	122.65	130.38	111.41	127.79
Denmark (32)	229.97	+1.3	223.35	152.64	193.99	209.72	-0.3	1.08	227.03	224.25	151.91	194.64	210.36	229.97	185.11	214.88
Finland (23)	106.18	+1.4	103.13	70.48	89.57	130.36	+0.0	0.81	104.73	103.45	70.08	89.79	130.34	118.56	65.50	58.47
France (97)	169.10	+0.4	164.24	112.23	142.63	151.79	-1.1	3.04	168.44	166.37	112.69	144.39	153.44	169.17	142.72	165.22
Germany (60)	128.77	+1.7	125.06	85.48	108.62	108.62	+0.0	1.94	126.67	125.12	84.77	108.60	108.60	128.77	101.59	119.27
Hong Kong (55)	296.44	+0.3	287.92	196.75	250.07	294.98	+0.3	3.35	295.67	292.04	197.83	253.49	294.18	301.81	218.82	234.48
Ireland (15)	171.79	+1.5	166.85	114.02	144.91	169.92	+0.0	3.29	169.26	167.19	113.25	145.11	169.99	171.98	129.28	158.22
Italy (70)	77.75	+0.9	75.52	51.60	65.58	92.18	+0.3	1.77	77.08	76.13	51.57	66.08	91.94	78.93	53.78	59.75
Japan (470)	160.70	+1.1	156.08	106.66	135.58	106.66	+0.3	0.77	158.97	157.02	106.36	136.30	106.36	165.91	100.75	115.97
Malaysia (69)	405.73	+0.4	394.06	269.28	342.24	398.70	+0.5	1.72	404.17	399.21	270.42	346.49	396.70	405.73	251.66	237.60
Mexico (19)	1762.28	+1.1	1711.59	1169.66	1486.54	5996.16	+1.1	0.82	1743.68	1722.29	1166.68	1494.87	5930.95	1764.86	1410.30	1307.49
Netherland (24)	185.56	+0.1	180.23	123.16	156.53	154.40	-1.5	3.50	185.40	183.13	124.05	158.95	156.67	185.56	150.39	167.03
New Zealand (13)	60.73	-2.4	58.98	40.31	51.23	59.24	-1.1	3.76	62.21	61.44	41.62	53.33	59.91	62.98	40.56	43.13
Norway (22)	176.85	+2.0	171.77	117.38	149.19	170.61	+0.8	1.55	173.36	171.23	115.99	148.62	169.30	177.31	137.71	147.02
Singapore (38)	289.98	+1.0	281.64	192.47	244.61	214.48	+0.9	1.61	287.19	283.67	192.16	246.21	212.55	289.98	207.04	191.97
South Africa (60)	188.18	-1.7	182.76	124.89	158.73	195.37	-1.6	2.65	191.42	189.07	128.08	164.10	198.63	215.29	144.72	189.97
Spain (43)	138.43	+0.5	134.45	91.88	116.77	139.53	-0.6	4.09	137.70	136.01	92.14	118.05	140.36	140.27	115.23	145.05
Sweden (36)	188.20	+2.5	182.79	124.92	158.76	222.96	+0.5	1.51	183.61	181.36	122.86	157.42	221.94	196.23	149.70	181.69
Switzerland (50)	138.04	+0.8	134.07	91.62	116.46	122.34	-0.7	1.77	136.96	135.28	91.64	117.43	123.25	138.04	106.91	115.65
United Kingdom (218)	190.10	+1.2	184.63	126.16	160.34	184.63	-0.5	3.80	187.79	185.49	125.64	160.88	185.49	190.10	162.00	185.94
USA (520)	188.57	+0.0	183.14	125.16	159.07	188.57	+0.0	2.72	188.55	186.23	126.16	161.85	188.55	189.40	175.38	169.97
Europe (749)	158.87	+1.1	154.30	105.45	134.02	148.25	-0.4	3.02	157.16	155.23	105.16	134.74	148.89	158.87	133.92	149.44
Nordic (113)	178.25	+2.1	173.13	118.31	150.36	184.61	+0.2	1.33	174.67	172.52	116.87	149.74	184.15	183.23	142.13	163.49
Pacific Basin (714)	164.56	+0.8	159.83	109.22	138.81	114.02	+0.2	1.03	163.18	161.18	109.19	139.90	113.75	168.80	105.89	119.81
Euro-Pacific (1463)	162.11	+0.9	157.45	107.59	136.74	128.09	+0.0	1.83	160.59	158.62	107.44	137.67	128.13	162.72	117.26	131.80
North America (627)	184.73	+0.0	179.42	122.63	155.86	184.04	+0.0	2.72	184.76	182.49	123.63	158.42	184.05	185.59	171.51	167.32
Europe Ex. UK (531)	139.06	+1.0	135.06	92.32	117.33	127.04	-0.4	2.49	137.69	136.00	92.14	118.07	127.56	139.06	112.51	127.38
Pacific Ex. Japan (244)	202.96	-1.0	197.12	134.73	171.22	190.18	-0.1	2.97	204.92	202.40	137.13	175.69	190.33	204.92	152.70	157.37
World Ex. US (1649)	162.17	+0.9	157.51	107.65	136.80	130.13	-0.1	1.86	160.77	158.80	107.58	137.84	130.20	162.78	118.51	132.96
World Ex. UK (1951)	167.99	+0.5	163.16	111.51	141.72	144.65	+0.0	2.00	167.19	165.14	111.87	143.35	144.63	168.13	134.22	140.52
World Ex. So. Af. (2109)	169.95	+0.6	165.06	112.81	143.37	147.86	+0.0	2.17	168.99	166.92	113.08	144.89	147.88	169.95	137.29	144.22
World Ex. Japan (1699)	176.94	+0.3	171.85	117.45	149.28	171.59	-0.2	2.82	176.40	174.24	118.04	151.25	171.88	176.94	157.47	160.90
The World Index (2169)	169.95	+0.6	165.06	112.80	143.37	148.29	+0.0	2.17	169.02	166.94	113.09	144.91	148.33	169.95	137.32	144.45

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